Polar Capital Global Healthcare Growth and Income Trust plc

Report and Financial Statements for the year ended 30 September 2013

Year ended
2013

About Us

Profile

The Company was incorporated on 12 May 2010. On 15 June 2010 it issued ordinary shares plus one subscription share for every five ordinary shares which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price for each ordinary share was £1 and the Net Asset Value (NAV) per share on 15 June 2010 was 98p (after launch costs).

Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Investment Objective

The Company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

Investment Policy

The Company seeks to achieve this objective by investing in a diversified global portfolio consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology. The portfolio is diversified by geographic location and size of investee companies.

The full details of the investment policy are set out in the Strategic Report.

Benchmark

The Benchmark is the MSCI ACWI/Healthcare Index total return in sterling with dividends reinvested.

Capital Structure

On 15 June 2010 the Company issued 89,000,000 ordinary shares of 25p each and 17,800,000 subscription shares of 1p each. At 30 September 2013 the Company had in issue 104,850,000 (2012:97,899,999) ordinary shares of 25p each and 17,800,000 (2012:17,800,000) subscription shares of 1p each.

The Company has not bought back any ordinary or subscription shares in the period from 15 June 2010 up to 30 September 2013.

The subscription shares give the holders the right but not the obligation to subscribe for one ordinary share at 100p per ordinary share on 31 January 2014 after which the subscription rights will lapse.

Your attention is drawn to the enclosed circular which provides details for the subscription shareholders on what action they should take in relation to the sole conversion date of 31 January 2014.

Life

The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in January 2018.

Gearing

It is not intended that the Company incur borrowings to provide long-term structural debt. No borrowings have been made and no arrangements made for any banking loans. However the Articles of Association provide that the Company may borrow up to 15% of its NAV at the time of drawdown for tactical deployment when the Board believes that gearing will enhance returns to shareholders.

Management

The Investment Manager is Polar Capital LLP and Dr. Daniel Mahony and Mr. Gareth Powell have managed the portfolio since launch.

The Investment Manager is entitled to a fee at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value. 80% of the management fee is charged to the capital account.

The Investment Manager is also entitled to a performance fee paid in cash. The fee is equal to 10% of the excess return over the performance fee hurdle. The hurdle is 100p increased or decreased by reference to the return on the Benchmark plus 15p. The performance is adjusted for these purposes to take into account the dividends paid by the Company. The fee is calculated and payable at the liquidation of the Company expected following the seventh AGM in January 2018. Further details are given in the Report of the Directors.

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Financial Highlights
For the year ended 30 September 2013

Performance

Net asset value (undiluted) per ordinary share (total return)	**23.23%**
Net asset value (diluted) per ordinary share (total return)	**21.00%**
Benchmark Index	**25.38%**
MSCI ACWI/Healthcare Index (total return in Sterling with dividends reinvested)	

Financials		As at 30 September 2013	As at 30 September 2012	% Change
Net asset value per ordinary share	Undiluted	148.54p	123.33p	+20.4
	Diluted	141.50p	119.74p	+18.2
Share price				
Ordinary shares		144.00p	123.25p	+16.8
Subscription shares (note 1)		40.38p	17.88p	+125.8
Shares in issue				
	Ordinary	104,850,000	97,899,999	+7.1
	Subscription	17,800,000	17,800,000	–

Expenses		
Ongoing Charges (Note 2)	1.10%	1.14%

Dividends

The Company has paid the following dividends relating to the financial year ended 30 September 2013:

Pay date	Amount per ordinary share	Record date	Ex-date	Declared date
28 February 2013	0.50p	8 February 2013	6 February 2013	23 January 2013
31 May 2013	0.50p	17 May 2013	15 May 2013	9 May 2013
30 August 2013	1.80p	9 August 2013	7 August 2013	1 August 2013
29 November 2013	0.55p	8 November 2013	6 November 2013	31 October 2013

Note 1 – Subscription shares were issued free to investors on the 15 June 2010 on the basis of one subscription share for every five ordinary shares.

Note 2 – Ongoing charges represents the total expenses of the fund, excluding finance costs, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012.

Chairman's Statement

James Robinson
Chairman

Undiluted Net Asset Value total return was 23.2% over the year

Performance

It is pleasing to be able to present to shareholders an increase in net asset value, share price and dividend. The Company achieved an undiluted net asset value total return of 23.2% for the year with the majority of our investment returns being made in the first half. This follows on from a very similar result the year before which means that over the last two years your Manager has achieved very good absolute returns for shareholders. We lagged behind our benchmark, the MSCI Healthcare Index, by 2.2% this year which was mainly due to the very strong performance of biotechnology shares where we are underweight. Biotechnology accounts for around 4.6% of the Company's investment portfolio, compared to around 13.0% in our benchmark, as the portfolio continues to be focused on income generating stocks and is heavily weighted towards the major global pharmaceutical companies. Our share price moved up by a more modest 16.8% over the year and at 13 December 2013 stands at 138.50p compared to a diluted NAV of 143.92p. The diluted NAV reflects the forthcoming subscription share conversion in January 2014.

Revenue and Costs

Total revenue amounted to £4.851m which represents a 5.9% increase on the previous year. Nearly all of this year's revenue came from investment income with the contribution from option premium income falling from £406,000 to £243,000. As far as costs are concerned there was a small improvement in our ongoing charges ratio which fell slightly to 1.10% for the year.

Dividends

In respect of the financial year just ended we have paid four dividends which include the dividend paid on 29 November 2013 of 0.55p. These total 3.35p per ordinary share compared to 3.22p in respect of the previous year, an increase of 4%.

The Company aims to increase the dividend on an annual basis progressively. To do this we very much rely on the income portfolio which has a preponderance of pharmaceutical shares and which represents around 80% of our total assets. It therefore follows that we are very reliant on the dividend growth rate in the pharmaceutical sector. Although we are reasonably positive about this there are a number of uncertain variables (including currency) which means that an upward progression in the Company's dividend cannot be guaranteed.

Management Team

There has recently been a considerable increase in the resources of Polar's Healthcare investment team with the hiring of David Pinniger as another fund manager and Deane Donnigan as a US based analyst. With over 12 and 15 years respective experience in healthcare investment they represent a valuable addition to the team. Almost half of the Company's assets are invested in the United States so the acquisition of greater expertise on the ground there is particularly welcome.

Alternative Investment Fund Managers Directive (AIFMD)

The Board is taking advice on the implications of AIFMD for the Company and is pleased to confirm that it has agreed in principle to appoint Polar Capital LLP as the Alternative Investment Fund Manager pursuant to the new regulations. In addition to the appointment of an AIFM, the Company will also have to appoint a depositary which will oversee the Company's custody and cash management operations; a decision on who will provide depositary services has not yet been made and will be communicated in due course. It is anticipated that the new arrangements will be in place by July 2014.

Total annual dividend for 2013 increased by 4% to 3.35p per share

Share Capital

We issued a further 6,950,001 Ordinary shares during the year at a premium to Net Asset Value which took the total number of ordinary shares in issue to 104,850,000. The Board encourages you to read the circular which accompanies this annual report and which refers to the forthcoming exercise of our subscription shares at a price of 100p on 31 January 2014. There are a total of 17,800,000 subscription shares all of which were issued to Ordinary shareholders on a 1 for 5 basis at the Company's launch. Since this represents the only opportunity for subscription shareholders to exercise these shares it is obviously important that they familiarise themselves with the instructions in the circular.

Outlook

After two consecutive years of NAV growth above 20% per annum it seems appropriate to temper expectations for the current financial year. It is worth recalling that our initial aim when we launched the Company was to achieve compounded total returns of around 10–12% per annum with dividends reinvested; if we were to achieve such a return for the current year then I think we would be well satisfied.

At year end we had 68.5% invested in the pharmaceutical sector so what happens to this area of healthcare is clearly critical to our performance. You will therefore be glad to hear that our Managers believe that the pharmaceutical re-rating still has some way to go. Having eliminated waste and streamlined their businesses, drug companies are exiting the patent cliff in good shape and are well positioned for generating operating leverage. We believe that pipelines are under-estimated with current valuations implying little long-term growth; there is therefore considerable scope for Price Earnings multiples to expand further. Our focus on pharmaceuticals means that we are able to maintain a relatively low risk/low volatility portfolio as compared with our benchmark. It also helps us support our progressive dividend policy.

Annual General Meeting

The Company's third Annual General Meeting (AGM) which will be held at noon on Tuesday 28 January 2014 at the Methodist Central Hall, Storey's Gate, London SW1H 9NH provides shareholders with an opportunity to meet the Board and to hear a presentation from the Investment Manager. I recommend that shareholders attend because the presentation is informative and our managers are very enthusiastic about the outlook for the healthcare sector. Last year's AGM was slightly better attended than the year before and I very much hope that we will see a more meaningful increase in numbers this year. A buffet lunch will be served at the conclusion of the meeting.

James Robinson
Chairman
17 December 2013

Investment Manager's Report
For the year ended 30 September 2013

Dr. Daniel Mahony and Gareth Powell

Performance Review

For the fiscal year to 30 September 2013, the Company delivered an undiluted total return of 23.2% per share, which was behind the benchmark (MSCI Global Healthcare Index) that recorded a total return of 25.4% over the same period. Global markets have performed well over the 12 months to 30 September 2013 as major macroeconomic concerns have abated – healthcare has again been one of the best performing sectors. However, markets have remained volatile and most of the returns from the Company's investment portfolio came in the first quarter of calendar 2013.

In the final quarter of calendar 2012, President Obama's healthcare reforms were once again in the spotlight in the run up to the Presidential elections in November. This was followed by investor anxiety over the implications of a fiscal cliff in the United States. Given this uncertainty, healthcare was a relative underperformer throughout this period.

The last-minute resolution of the U.S. budget issue at the end of 2012 precipitated a strong stock market rally in January that continued to the end of March. This was helped by improving economic data, which suggested that the U.S. economy was on the mend. Even the banking crisis in Cyprus could not de-rail investor enthusiasm. The first three months of 2013 were particularly good for large pharmaceutical stocks; probably because investors seemed to be attracted by their relatively high dividend yields as concerns about the bond market began to surface. Given the high weighting in pharmaceutical stocks, the Company's portfolio performed well throughout the March quarter.

Investor appetite seemed to change in early April and cyclical stocks began to outperform. From a healthcare perspective, the increase in risk appetite meant that the biotechnology sector was far and away the best performing sub-sector. Given the low weighting in biotechnology, the Company's portfolio underperformed the benchmark over the last six months of the fiscal period.

Review of the Portfolio

The Company's investment portfolio has been split into an income portfolio and a growth portfolio for operational reasons, as was described in the original prospectus. The income portfolio comprises stocks that generate dividend income and is heavily weighted towards the major global pharmaceutical companies. Large pharmaceutical companies continue to offer some of the best yields in healthcare and we expect mid-single digit dividend growth for the peer group over the next 12 months. The growth portfolio is composed of holdings in a range of biotechnology, medical device, pharmaceutical and healthcare service stocks. For the fiscal year to 30 September 2013, we maintained the approximate 80:20 split of assets between the income and growth portfolios.

Given the positive bias in broader stock markets, the portfolio remained fully invested for most of the year with a modest increase in the weightings in small/mid-cap stocks in the portfolio. The percentage of the entire portfolio invested in large capitalisation companies (greater than $5 billion) decreased from 76% to 72% over the fiscal year. Despite the small shift towards small/mid-cap stocks, the beta of the portfolio compared to the benchmark was steady throughout the course of the year at 0.85. The weighting in large cap pharmaceuticals remained above 60% and this, combined with a low exposure to biotechnology, has helped to reduce the risk of the portfolio compared to the benchmark. However, given the strong move in the biotechnology sector over the last year, the low exposure to biotechnology was the major reason for the relative underperformance of the Company's portfolio compared to the benchmark.

Income portfolio

The pharmaceutical sector remains the largest weighting in the income portfolio and we continue to hold positions in medical technology and healthcare service companies as well as some healthcare real estate investment trusts (REITs). Over the last 12 months, the sub-sector composition has not changed materially although our weighting in large pharmaceutical stocks has increased.

Within the pharmaceutical holdings, we have made changes to the size of individual holdings. Pfizer has been our largest holding for the last two years but we began to take some profits last November following two years of strong performance. The most significant changes in the top ten holdings are the increased weightings in AstraZeneca and Eli Lilly.

The market view on AstraZeneca remains quite negative and the stock has the lowest P/E multiple of all the major pharmaceutical stocks. The company has done a good job of cost-cutting and improving efficiency over the last 3 years but faces some major patent expirations over the next 4 years – not least its blockbuster cholesterol-lowering drug Crestor (accounted for 22% of sales in 2012) that loses U.S. patent protection in 2016. The recently-appointed CEO has already begun to make changes, including moving its R&D headquarters to Cambridge, but we do not think it is going to be possible to "fix" AstraZeneca overnight. We expect the company to continue to make small acquisitions and we have begun to see evidence of an emerging pipeline of new oncology drug candidates. Moreover, management remains committed to the dividend, which is well covered by cash flow in the mid-term, and we think the stock may continue to appreciate steadily over the next two to three years.

Eli Lilly faces its major patent cliff in 2014, as its blockbuster depression drug, Cymbalta, loses patent protection at the end of 2013. However, with an interesting product pipeline beginning to emerge, we think the company could generate high-teens earnings growth during 2015–2018. We expect the visibility of this earnings potential to become clearer as clinical trial data become available over the next 12 months. In particular, the company's pipeline of new diabetes drug candidates should considerably strengthen its franchise and allow it to compete on an equal footing with Sanofi and Novo Nordisk.

On an absolute basis, the major contributors to performance have come from the larger pharmaceutical holdings in the portfolio – namely Roche, Novartis and Pfizer. However, the entire pharmaceutical sector performed well in the first quarter of calendar 2013 and so all of our large pharmaceutical positions made a positive contribution to performance over the course of the reporting period. Of the smaller names in the income portfolio, Consort Medical was again a good performer and we also benefitted from strong returns from Coltene, a Swiss dental supply company. In terms of detractors to performance, our positions in Sigma Pharmaceuticals, an Australian drug distributor, and Religare Healthcare Trust, a Singapore-based healthcare REIT, were significant underperformers as they delivered a negative capital return over the year although the dividend income was as expected. The share price moves were not helped by the underlying moves in the Australian dollar and Indian rupee, respectively.

Growth portfolio

The growth portfolio is invested in a range of biotechnology, medical device, pharmaceutical and healthcare service companies. Over the course of the year we have shifted the growth portfolio more towards small and mid-capitalisation stocks – the weighting in small capitalisation stocks had increased from 34% to 49% by the end of the reporting period – and we have reduced the number of positions from 43 to 36.

The most significant contributors to performance came from our diversified portfolio of small companies that had a market capitalisation of less than £100 million at the time of investment. The biggest contributors here were Summit Corporation and Oxford Pharmascience. Trius Therapeutics, a U.S. biotechnology company focused on antibiotic drug development, was acquired by Cubist Pharmaceuticals in September 2013 and so also had a meaningful impact on performance.

Summit is a UK-based biotechnology company with a drug candidate for the treatment of Duchenne Muscular Dystrophy (DMD). DMD has become a focus area for U.S. biotechnology investors based on clinical news flow from three U.S.-listed companies – Sarepta, PTC Therapeutics and Prosensa. Summit's drug candidate is not directly competitive, its compound could potentially be used in combination, but it is probably a year or two behind the U.S. peer group. Nevertheless, the significant discrepancy in relative valuation began to narrow over the summer and Summit shares had a dramatic rise– the stock was up over 400% over the fiscal year. While we expect the stock to be volatile going forward, we continue to believe that there could be further upside from here.

Oxford Pharmascience is a small speciality pharmaceutical company with a drug reformulation technology that can mask the taste of a drug. The company has continued to make excellent progress with its new formulations of ibuprofen and atorvastatin (the generic name for Lipitor). We expect the company to announce additional clinical data over the next 12 months – if these data are positive we would expect to see another significant move in the share price.

The other major contributors to performance in the growth portfolio were unsurprisingly in the biotechnology sector. In particular, our positions in Alnylam and Intercept both delivered excellent returns with the stocks up over 300% and 140%, respectively. Following these strong moves, we have sold our position in Alnylam and taken profits in Intercept, although we continue to hold a small position.

Investment Manager's Report continued
For the year ended 30 September 2013

Our largest detractors were two healthcare service companies – HMS Holdings and Circle Health. HMS Holdings is a U.S. healthcare IT company that provides cost containment services to government by detecting fraud and identifying improper payments to healthcare providers. The company's biggest customers are state governments and the business was adversely affected by a slow-down in new tenders as most states began to gear up for the implementation of healthcare reform.

Circle Health is a UK private hospital company that continues to make progress operationally – not least with its success in initiating a turnaround at Hinchingbrooke Hospital, which recently reported that its Accident and Emergency department is now ranked the fourth best in the country. However, concerns over the need for additional capital and the timing of when the company will reach profitability have caused the stock to significantly under-perform – the shares were down over 70% over the course of the reporting period.

The drug development industry has begun a renaissance

When the Company was launched in 2010, we saw a compelling investment opportunity in the pharmaceutical sector as the sector was unloved, significantly undervalued and appeared poised for a multi-year re-rating. We expected this re-rating to occur in three phases – (1) the period of patent expirations would not be as bad as feared, (2) emerging markets would provide a growth opportunity in the mid-term and (3) R&D productivity would begin to improve and drug pipelines would be replenished.

We believe that we are now halfway through this re-rating process. As we have discussed previously, many companies in the industry have passed through their period of drug patent expirations – the so-called "patent cliff" – without a precipitous decline in earnings. In large part this was due to the significant cost-saving and restructuring programmes that have been a feature of the industry over the last 5 years. The rise in valuations across the sector over the last three years, as measured by the price to earnings ratio, suggests to us that the patent cliff is now in the rear-view mirror for most investors and this first phase of the re-rating is coming to a close.

The second part of our thesis, that emerging markets would provide a mid-term growth driver, has perhaps not worked out quite as we had expected. Emerging markets have been an important growth driver over the last 3 years – we calculate that sales growth was in the region of 10% from 2010 to 2012 for the large cap pharmaceutical companies as a group. However, over the last year we have begun to see the sales growth rate decline – in part due to weakening currency but also from increased government pricing pressure.

In addition, as has been widely documented in the media, the Chinese government has begun an anti-corruption campaign and is currently investigating the sales practices of many pharmaceutical companies. As these companies have come under greater scrutiny, some Chinese hospitals have limited the amount of promotional activity that they allow and this has had an impact on sales growth in the region over the last few months.

We continue to see emerging markets as a growth opportunity, driven by the emerging middle class in these geographies, but we think sales growth is now more likely to be in the mid to high single digits going forward rather than low double digits.

The third part of our thesis, that R&D productivity would improve, has probably begun to change faster than we had anticipated in 2010. Over the last two years we have seen a series of positive clinical trial announcements and an increase in the number of new drug approvals in the United States. More importantly, many of these newly-approved drugs act by novel mechanisms of action – very different from the wave of "me too" drug approvals that were a characteristic of the drug industry at the turn of the century. In particular, there have been some significant advances in the treatment of different types of cancer. The key catalyst for this change has come from the biotechnology sector, which has now become the engine of innovation in drug discovery and development.

It may have taken the best part of a decade, but the publication of the human genome sequence is finally having a visible impact on the process of drug discovery and development. Scientists are using new tools and technologies to find out what has gone wrong in disease at the molecular level. Diseases can then be redefined according to the signalling processes that are no longer functioning correctly. For example, the first breast cancer "map" was published last year, which suggested that breast cancer is not one disease but should be re-classified into at least ten different diseases – this begins to explain why some patients don't respond to certain drugs. Importantly, while much of the recent excitement has been around cancer, we think these approaches are applicable to many diseases.

For this reason, we think the move in biotechnology stocks over the two years has been driven by fundamentals. While some stocks in the sector, particularly in the area of oncology, look expensive we continue to find many attractive investment opportunities in companies that are targeting unmet medical needs. Moreover, all large pharmaceutical companies are very active on the business development front as they compete to find the best biotechnology companies to collaborate with. Many of the major pharmaceutical companies expect that at least 30–50% of their pipeline will be derived from outside collaborators over the next few years.

We think we are at the beginning of the third phase of the sector re-rating, pharmaceutical companies are set to be beneficiaries of the new wave in drug development but we think this is only just being priced into valuations. However, going forward stock picking will be critical – there is the potential for much greater dispersion of returns as the companies with the best pipeline prospects are likely to out-perform and trade at a significant premium to the peer group.

Healthcare is moving into the 21st Century

While the pharmaceutical sector re-rating remains the key investment thesis for the Company, we see additional growth opportunities across the broader healthcare sector. The critical catalyst is economic necessity – with an ageing population, governments have to deliver better healthcare to more people for less money. Over the last two years, we have noticed that the pace of innovation has picked up across the entire healthcare industry. This is apparent not only in drug development but also in medical devices, services and healthcare Information Technology (IT).

Healthcare has lagged behind many other industries in its implementation of IT and, more importantly, harnessing the productivity gains that this can provide. We think that healthcare could be one of the biggest beneficiaries of recent advances in IT, such as increased processing power and "big data". We are largely stuck in a 20th century healthcare system that is labour intensive with expensive (and ageing) infrastructure that employs "average drugs for average people" using out-dated monitoring technology.

A new field is emerging, often called digital health, which encompasses a range of monitoring and computational technologies coupled with smart devices that allow a patient's condition to be managed more effectively. For example, Dexcom is developing new software tools for its G4 glucose monitor for diabetics, which measures blood sugar levels in real-time, to predict if a patient is heading for a hypoglycaemic (low blood sugar) or hyperglycaemic (high blood sugar) shock.

These types of technologies have the potential to be extremely disruptive. New business models are emerging for healthcare services companies as they employ digital health to deliver care in the home and so reduce costs significantly. In summary, the industry is not only inventing better ways of treating disease but also finding ways of delivering those treatments to patients.

Outlook

Our current view on stock markets is still quite positive – macroeconomic trends remain important drivers of sentiment but we see a trend towards fundamental factors being re-established as the drivers of share price performance. The current market sentiment suggests that the Federal Reserve is unlikely to stop quantitative easing in the near-term and this should provide positive momentum to the market.

However, the focus on the macro situation means that much of the innovation that is occurring on the ground is being overlooked. This is particularly true when we look at smaller healthcare companies – we are seeing more innovation in biotechnology and medical technology companies than we have seen for at least a decade. Moreover, digital health is an emerging area that has the potential to disintermediate and disaggregate the current healthcare system.

On the political front, President Obama's healthcare reforms are likely to remain centre-stage. While perception and political rhetoric may create some volatility in the near-term, we think that close to 20 million people who were previously without health insurance will have some kind of healthcare coverage by the end of 2014. This should have a positive impact on volumes and utilisation in the United States next year. We expect clarity on the impact of this reform by late Spring.

We expect the pharmaceutical sector to continue to deliver solid returns over the next 12 months. Fundamentals are still improving for many companies in the sector and we have just begun to see some value assigned to drug pipelines in current valuations. We expect stock-specific factors to be the major driver of performance going forward – especially clinical trial data and early launch dynamics as new drugs reach the market.

In summary, we think our investment thesis for the Company continues to play out in-line with our expectations. We also think that healthcare continues to be very well positioned compared to other sectors in terms of growth and valuation. Our investment strategy remains the same – we intend to maintain a low risk portfolio with a high weighting in pharmaceutical stocks – and we would expect the Company to perform well on a relative and absolute basis over the next twelve months.

Dr. Daniel Mahony and Gareth Powell

17 December 2013

Portfolio
As at 30 September 2013

	Stock	Country	Market Value £'000		% of total net assets	
			2013	2012	2013	2012
1 (3)	Novartis	Switzerland	11,383	9,481	7.3%	7.9%
2 (7)	Eli Lilly	United States	10,878	5,871	7.0%	4.9%
3 (2)	Merck & Co	United States	10,288	9,773	6.6%	8.1%
4 (15)	AstraZeneca	United Kingdom	9,647	1,773	6.2%	1.5%
5 (5)	Roche Holding	Switzerland	9,161	6,368	5.9%	5.3%
6 (1)	Pfizer	United States	8,864	10,383	5.7%	8.6%
7 (4)	GlaxoSmithKline	United Kingdom	8,784	7,409	5.6%	6.1%
8 (9)	Sanofi	France	7,632	4,758	4.9%	3.9%
9 (11)	Johnson & Johnson	United States	5,353	3,412	3.4%	2.8%
10 (8)	Astellas Pharma	Japan	5,349	5,365	3.4%	4.4%
Top 10 investments			87,339		56.0%	
11 (10)	Bristol-Myers Squibb	United States	4,571	4,385	2.9%	3.6%
12 (12)	Takeda Pharmaceutical	Japan	4,375	2,862	2.8%	2.4%
13	Abbvie	United States	3,869	–	2.5%	–
14 (13)	Consort Medical	United Kingdom	3,045	2,485	2.0%	2.1%
15 (66)	Summit	United Kingdom	2,946	352	1.9%	0.3%
16	Teva Pharmaceutical	Israel	2,332	–	1.5%	–
17 (14)	Sonic Healthcare	Australia	2,159	1,913	1.4%	1.6%
18 (64)	Oxford Pharmascience	United Kingdom	1,680	364	1.1%	0.3%
19 (31)	Agilent Technologies	United States	1,583	833	1.0%	0.7%
20 (24)	HCA Holdings	United States	1,576	1,030	1.0%	0.9%
Top 20 investments			115,475		74.1%	
21 (23)	Omega Healthcare	United States	1,383	1,055	0.9%	0.9%
22 (32)	Novadaq Technologies	Canada	1,331	830	0.9%	0.7%
23	Cerner	United States	1,298	–	0.8%	–
24 (20)	National Health Investors	United States	1,230	1,115	0.8%	0.9%
25	Religare Health Trust	Singapore	1,174	–	0.8%	–
26 (19)	Covidien	Ireland	1,167	1,140	0.8%	0.9%
27 (16)	Health Care REIT	United States	1,155	1,430	0.7%	1.2%
28 (21)	Senior Housing Property Trust	United States	1,153	1,079	0.7%	0.9%
29	Pacira Pharmaceuticals	United States	1,149	–	0.7%	–
30 (50)	Asahi Intecc	Japan	1,125	549	0.7%	0.5%
Top 30 investments			127,640		81.9%	

	Stock	Country	Market Value £'000		% of total net assets	
			2013	2012	2013	2012
31 (28)	Medical Facilities	Canada	1,004	901	0.6%	0.7%
32 (47)	Endologix	United States	995	577	0.6%	0.5%
33	Vocera Communications	United States	976	–	0.6%	–
34 (45)	Acadia Healthcare	United States	974	590	0.6%	0.5%
35	DexCom	United States	958	–	0.6%	–
36	Team Health	United States	937	–	0.6%	–
37 (38)	UDG Healthcare	Ireland	911	655	0.6%	0.5%
38	Conatus Pharmaceuticals	United States	900	–	0.6%	–
39 (44)	Insulet	United States	895	601	0.6%	0.5%
40 (41)	Wellcare Group	United States	861	630	0.6%	0.5%
Top 40 investments			137,051		87.9%	
41 (30)	Healthcare Reality Trust REIT	United States	856	856	0.5%	0.7%
42	Intercept Pharmaceuticals	United States	852	–	0.5%	–
43 (53)	Five Star Quality Care	United States	795	529	0.5%	0.4%
44 (34)	Air Methods	United States	789	739	0.5%	0.6%
45 (57)	Coltene Holding	Switzerland	779	465	0.5%	0.4%
46 (36)	Synairgen	United Kingdom	768	693	0.5%	0.6%
47 (40)	Medical Properties Trust	United States	752	647	0.5%	0.5%
48	CVS Caremark	United States	736	–	0.5%	–
49 (55)	Spectranetics	United States	725	482	0.5%	0.4%
50 (42)	Sabra Health Care REIT	United States	710	619	0.5%	0.5%
Top 50 investments			144,813		92.9%	
51	Ablynx	Belgium	668	–	0.4%	–
52 (70)	Newron Pharmaceuticals	Italy	660	263	0.4%	0.2%
53	Sigma Pharmaceuticals	Australia	658	–	0.4%	–
54 (43)	Optos	United Kingdom	637	613	0.4%	0.5%
55 (52)	NIB Holdings	Australia	627	540	0.4%	0.4%
56 (58)	Hutchison China Meditech	China	616	462	0.4%	0.4%
57 (51)	Healthcare Services Group	United States	610	543	0.4%	0.4%
58 (56)	Meridian Biosciences	United States	584	475	0.4%	0.4%
59 (60)	Futura Medical	United Kingdom	532	441	0.3%	0.4%
60 (65)	AmSurg	United States	499	358	0.3%	0.3%
Top 60 investments			150,904		96.7%	

Portfolio continued
As at 30 September 2013

	Stock	Country	Market Value £'000		% of total net assets	
			2013	2012	2013	2012
61	Extendicare	Canada	493	–	0.3%	–
62	Cardio3 BioScience	Belgium	467	–	0.3%	–
63 (48)	Epistem	United Kingdom	459	564	0.3%	0.5%
64	Virtus Health	Australia	405	–	0.3%	–
65 (59)	Emeritus	United States	400	454	0.3%	0.4%
66 (67)	Photocure	Norway	392	335	0.3%	0.3%
67 (68)	Leisureworld Senior Care	Canada	316	309	0.2%	0.3%
68 (71)	CML Healthcare Income	Canada	290	252	0.2%	0.2%
69 (61)	Circle Holdings	United Kingdom	290	413	0.2%	0.3%
70 (73)	EOS Imaging	France	282	176	0.2%	0.1%
Top 70 investments			154,698		99.3%	
71 (69)	HCP	United States	253	275	0.2%	0.2%
72 (72)	Stentys	France	223	220	0.1%	0.2%
73 (74)	Sul America	Brazil	134	116	0.1%	0.1%
Total equities			155,308		99.7%	
Other net assets			439		0.3%	
Net assets			155,747		100.0%	

Geographical Exposure at	30 September 2013	30 September 2012
United States	45.1%	53.8%
United Kingdom	18.5%	12.6%
Switzerland	13.7%	15.0%
Japan	6.9%	7.3%
France	5.2%	4.2%
Australia	2.5%	2.0%
Canada	2.2%	1.9%
Israel	1.5%	–
Ireland	1.4%	1.9%
Singapore	0.8%	–
Belgium	0.7%	–
Italy	0.4%	0.2%
China	0.4%	0.4%
Norway	0.3%	0.3%
Brazil	0.1%	0.1%
Cash	0.3%	0.3%
Total	100.0%	100.0%

Sector Exposure at	30 September 2013	30 September 2012
Pharmaceuticals	68.6%	62.1%
Healthcare Equipment	6.2%	12.3%
Specialised REITs	5.6%	5.8%
Biotechnology	4.7%	5.4%
Healthcare Facilities	4.3%	4.3%
Healthcare Services	3.0%	3.6%
Healthcare Supplies	2.0%	1.7%
Healthcare Technology	1.5%	–
Life Sciences Tools & Services	1.3%	2.1%
Healthcare Distributors	1.0%	0.5%
Managed Healthcare	0.5%	1.4%
Drug Retail	0.5%	–
Life & Health Insurance	0.4%	0.4%
Multi-line Insurance	0.1%	0.1%
Cash	0.3%	0.3%
Total	100.0%	100.0%

Market Cap at	30 September 2013	30 September 2012
Large (>US$5bn)	72.2%	75.5%
Medium (US$1bn–$5bn)	11.0%	10.0%
Small (<US$1bn)	16.8%	14.5%
	100.0%	100.0%

Strategic Report

The Company is required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out a report to shareholders outlining a fair review of the strategy and performance of the Company during the year ended 30 September 2013, the position of the Company at the year end and a description of the principal risks and uncertainties.

Full details of the Investment Manager's activities and its views are given in the Investment Manager's Report. The Board considers that the Chairman's Statement and the Investment Manager's Report should be read in conjunction with this Strategic Report and the Report of the Directors which follows.

Future Developments

The Board remains positive on the longer-term outlook for healthcare and the Company will continue to pursue its investment objective in accordance with the stated investment policy and strategy. The outlook for the future performance is dependent to a significant degree on the world's financial markets and their reactions to economic events and other geo-political forces. The Chairman's Statement and the Investment Manager's Report comment on the outlook.

Investment Objective, Policy and Strategy

Objective

The Company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

Policy

The Company will seek to achieve its objective by investing in a diversified global portfolio of companies consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology, with an emphasis on pharmaceutical stocks. Stocks will be selected for inclusion in the portfolio after a due diligence process. The portfolio is diversified by geography, industry sub-sector and investment size with no single investment normally accounting for more than 10% of the portfolio at the time of investment.

The portfolio has a bias towards large-capitalisation companies, with a market capitalisation in excess of US$5 billion, and the balance in mid and smaller capitalisation companies. Exposure to companies with a market capitalisation below US$200 million is not expected to exceed 5% of gross assets at the time of investment. The Company does not expect to have any material exposure to unlisted companies and, in aggregate, any such investments will not exceed 5% of gross assets at the time of investment.

The portfolio composition is by reference to market capitalisation rather than number of companies.

The Company may invest through equities, index-linked, equity-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other instruments including derivatives. Forward transactions and derivatives (including put and call options on individual positions or indices) may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. Any use of derivatives for investment purposes is made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described in its investment policy.

The Company may hedge exposure to foreign currencies if considered appropriate for efficient portfolio management.

Strategy

The Investment Manager's investment process is primarily based on bottom-up fundamental analysis. The Investment Manager uses a qualitative filter consisting of six key criteria to build up a watch-list of securities that is monitored on a regular basis. Due diligence is then carried out on the individual securities on the watch-list.

The Company's portfolio comprises a single pool of investments, but for operational purposes there is an income portfolio and a growth portfolio. The income portfolio comprises investments where the majority will have a market capitalisation in excess of US$5 billion and will be in the pharmaceutical sector. The growth portfolio comprises investments to give exposure to small capitalisation medical services, medical devices and biotechnology companies.

Each individual holding is assessed on its own merits in terms of risk/reward. While the Company expects normally to be fully or substantially invested, the Company may hold cash or money market instruments pending deployment in the investment portfolio. In addition it will have the flexibility, when the Investment Manager perceives there to be actual or expected adverse equity market conditions, to maintain cash holdings as it deems appropriate.

Gearing

It is not intended that the Company incur borrowings to provide long-term structural gearing. No borrowings have been made and no arrangements made for any bank loans. However the Articles of Association provide that the Company may borrow up to 15% of its Net Asset Value at the time of drawdown, for tactical deployment when the Board believes that gearing will enhance returns to shareholders.

Benchmark

The Company will measure the Investment Manager's performance against the MSCI ACWI/Health Care Index total return, in Sterling. This will be used to measure the performance of the Company, which will not seek to replicate the index in constructing its portfolio. The portfolio may, therefore, diverge substantially from the constituents of this index. Although the Company has a benchmark, this is neither a target nor an ideal investment strategy. The purpose of the Benchmark is to set a reasonable return for shareholders above which the Investment Manager is entitled to a share of the extra performance it has delivered.

Strategic Report continued

Performance and Key Performance Objectives

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators (KPIs). The objectives comprise both specific financial and shareholder related measures.

KPI	Control process	Outcome
The provision of investment returns to ordinary shareholders measured by long-term NAV total return relative to the Benchmark Index.	The Board reviews at each meeting the performance of the portfolio and considers the views of the Investment Manager.	The Company's undiluted NAV total return, over the year ended 30 September 2013, was 23.23% while the Benchmark Index over the same period increased by 25.38%. The performance is explained in the Chairman's Report and the Investment Manager's Report.
The achievement of the dividend policy.	Financial forecasts are reviewed to track income and distributions.	A total of four dividends amounting to 3.35p per share have been paid in respect of the year ended 30 September 2013 representing an increase of over 4% over the dividends paid in respect of the year to 30 September 2012 of 3.22p per share.
Monitoring and reacting to issues created by the discount or premium of the ordinary share price to the NAV per ordinary share with the aim of reduced discount volatility for shareholders.	The Board receives regular information of the composition of the share register including trading patterns and discount/premium levels of the Company's ordinary shares. The Board discusses and authorises the issue or buy back of shares when appropriate. A daily NAV per share, diluted when appropriate, calculated in accordance with the AIC guidelines is issued to the London Stock Exchange.	The discount/premium of the ordinary share price to the fully diluted NAV per ordinary share (when appropriate) over the year ended 30 September 2013 has ranged from a maximum discount of 7.5% to a premium of 5.5%. The Company issued 6,950,001 shares in the year ended 30 September 2013. The Company has not bought back any shares in the year-ended 30 September 2013.
To qualify and meet the requirements for Sections 1158 and 1159 of the Corporation Tax Act 2010.	The Board receives regular financial information which discloses the current and projected financial position of the Company against each of the tests set out in Sections 1158 and 1159.	Investment trust status for the year ended 30 September 2013 has been confirmed by HM Revenue and Customs. Investment trust status was granted to the Company in respect of subsequent periods from 1 October 2013 subject to the Company continuing to satisfy the conditions of Section 1158 of the Corporation Taxes Act 2010 and other associated ongoing requirements. The Directors believe that the conditions and other ongoing requirements have been met in respect of the year ended 30 September 2013 and they believe that the Company will continue to meet the requirements.
Ongoing Charges	The Board receives regular financial information which discloses expenses against budget.	Ongoing charges for the year ended 30 September 2013 was 1.10%

Principal Risks and Uncertainties

In delivering long-term returns to shareholders the identification and monitoring of risk is crucial. In addition to the detailed internal controls set out in the corporate governance report the Board seeks to identify, assess and monitor risks to the business. The Board maintains a Risk Map and reporting structure with investment limits and restrictions appropriate to the investment objective to monitor and mitigate as far as practical such risks. The Board has identified two principal groups of risks.

The first group relate primarily to economic uncertainties and its particular sphere of activity of investing in worldwide stock markets.

- The appropriateness of the investment mandate and strategy is considered as this may lead to a depressed share price as investors seek alternative investments or lower risk strategies.
- The investment performance is monitored as underperformance against the Benchmark or peer group could adversely affect shareholders' returns.
- As the Company's assets comprise mainly listed equities the principal risks to the performance of the business are associated with equity markets and foreign exchange rates. Both share prices and exchange rates may move rapidly and adversely impact the value of the Company's portfolio.
- While the portfolio is diversified across a number of stock markets worldwide, the investment mandate is focused on a single sector and thus the portfolio may be more sensitive to investor sentiment than a general investment portfolio.
- Healthcare companies are subject to many factors that could adversely affect their performance, profitability and share prices including regulatory approvals, the failure to comply with applicable regulations and legislative developments, the results of clinical trials, patent approvals for new drugs and the expiry of patent protection for existing drugs.
- There is significant exposure to the economic cycles of the economies in which the underlying investments operate.

The Board mitigates this group of risks through the regular reporting and monitoring of the investment performance including financial information, analytical performance data and attribution presented by the Investment Manager at Board meetings. The composition and diversification of the portfolio including the sales and purchases of investments is also considered. The Board discusses individual investments with the Investment Manager as well as the Investment Manager's general views on the various markets and the healthcare sector in particular. The Board also considers the investment strategy and has regard to the degree of risk which the Investment Manager incurs in order to generate the investment returns.

The second group of business risks take the form of financial, operational, including accounting and taxation, and legal and regulatory requirements.

- The financial risks which arise from the investment activities expose the Company to risks such as market price, credit, liquidity, foreign currency and interest rates.
- The operational and accounting risks cover disruption to or failure of systems and processes provided by the Investment Manager including: any sub contractors to which the Investment Manager has delegated a task; the valuation of investments; the keeping of safe custody records and systems provided by the custodian or sub custodians and; the risk that suppliers may deliver sub standard services that may have an impact on the Company or its customers.
- The taxation risks are that the Company may fail to obtain qualification as an investment trust and that the Company may fail to recover, as far as possible, withholding taxes levied on overseas investment income.
- Legal and regulatory risks include compliance with the FCA's Prospectus Rules, Listing Rules and Transparency and Disclosure Rules; meeting the provisions of the Companies Act 2006 and other UK, European and overseas legislation affecting UK companies and compliance with accounting standards.

Strategic Report continued

Principal Risks and Uncertainties continued

The Board seeks to manage this second group of risks by obtaining information from the Investment Manager or professional advisers and, where necessary, the commissioning of topical reports for discussion. The Board having considered the reports will take any remedial action or make such changes as it considers appropriate.

The policies for managing the risks posed by exposure to market prices, interest rates, foreign currency exchange rates, credit and liquidity are set out in note 24 to the financial statements.

Management Company and Management of the Portfolio

As the Company is an investment vehicle for shareholders, the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy remains attractive to shareholders. The Directors believe that a strong working relationship with the Investment Manager will achieve the optimum return for shareholders.

The Company entered into an Investment Management Agreement dated 26 May 2010, with Polar Capital LLP (the Investment Manager) which is authorised and regulated by the Financial Conduct Authority to act as investment manager of the Company with sole responsibility for the discretionary management of the Company's assets (including uninvested cash) and to advise the Company on a day to day basis in accordance with the investment policy of the Company, all subject to the overall control and supervision of the Board.

The Investment Manager also agreed to procure or provide the day to day administration of the Company and general secretarial functions. The Investment Manager has, with the consent of the Directors, delegated the provision of certain of these administrative functions to HSBC Securities Services (UK) Limited and to Polar Capital Secretarial Services Limited.

The fees of HSBC Securities Services (UK) Limited and Polar Capital Secretarial Services Limited in providing such services will be for the account of the Company. However, to the extent that payment of HSBC Securities Services (UK) Limited fees by the Company would result in the Company being unable to pay aggregate dividends in the relevant period of at least 3 pence per ordinary share out of its net income such excess fees will be borne by the Investment Manager.

Investment Team

The Investment Manager provides a team of healthcare specialists and the portfolio is managed jointly by Dr. Daniel Mahony, the lead manager, and Mr. Gareth Powell. The Investment Manager also has other specialist and geographically focused investment teams which may contribute to idea generation.

Termination Arrangements

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice. The Investment Management Agreement may be terminated earlier by the Company with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) if the Investment Manager ceases or threatens to cease to carry on its business; (iii) where the Company is required to do so by a relevant regulatory authority; (iv) on the liquidation of the Company; or (v) subject to certain conditions, where the Investment Manager commits a material breach of the Investment Management Agreement.

In the event the Investment Management Agreement is terminated before the expiry of the Company's fixed life then, except in the event of termination by the Company for certain specified causes, the base fee and the performance fee will be calculated pro rata for the period up to and including the date of termination.

Fee arrangements

Management Fee

Under the terms of the Investment Management Agreement, the Investment Manager will be entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable monthly in arrears and will be at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's Net Asset Value on the relevant day.

In accordance with the Directors' policy on the allocation of expenses between income and capital, in each financial year 80% of the management fee payable is charged to capital and the remaining 20% to income.

Performance Fee

The Investment Manager may be entitled to a performance fee. The performance fee will be paid in cash at the end of the Company's expected life (except in the case of an earlier termination of the Investment Management Agreement) and will be an amount equal to 10% of the excess return (based on the Adjusted Net Asset Value per ordinary share at that time) over the performance fee hurdle.

The performance fee hurdle will be 100 pence, increased or decreased (as the case may be) by reference to the return on the Benchmark Index plus 15 pence, the 15 pence equating approximately to a simple 2% per annum return on the opening Net Asset Value per share over the period from 15 June 2010 to the expiry of the Company's expected life.

For the purposes of calculating the performance fee, the Company's Adjusted Net Asset Value will be based on the Net Asset Value adjusted as follows:

(A) the amount of any dividends paid by the Company shall be deemed to have been reinvested on the date of payment in ordinary shares at their Net Asset Value (on such date) and the resulting amount added to the Company's Net Asset Value; and

(B) any dilutive effect caused by the exercise by shareholders of subscription rights in relation to subscription shares shall be deemed to have been added back to the Company's Net Asset Value at the time of issue of the ordinary shares resulting from such exercise, so as to negate the effect of the dilution,

provided, for the avoidance of doubt, that no adjustment to the Company's Net Asset Value per ordinary share will be made in respect of;

- (i) any repurchase of ordinary shares at a discount to the Net Asset Value per ordinary share prevailing at the time of such repurchase or
- (ii) any issue of ordinary shares at a premium to the Net Asset Value per ordinary share prevailing at the time of such issue.

If at the end of the Company's expected life the amount available for distribution to shareholders is less than 100 pence per ordinary share, no performance fee will be payable. If the amount is more than 100 pence per ordinary share but payment of the performance fee in full would reduce it below that level, then the performance fee will be reduced such that shareholders receive exactly 100 pence per share.

No performance fee has been accrued for the year ended 30 September 2013.

Service Providers

Apart from the arrangements with Polar Capital LLP to provide investment, company secretarial and administrative services including accounting, portfolio valuation and trade settlement, the Company also contracts directly with HSBC Bank plc which acts as global custodian for all the Company's investments.

The Company used the services of Panmure Gordon (UK) Limited during the year as corporate broker. The Company also retains Equiniti Limited as registrars and PricewaterhouseCoopers LLP as independent auditors. Each of these contracts was entered into after full and proper consideration of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

HSBC Securities Services (UK) Limited has been retained by the Investment Manager to provide accounting, valuation and trade settlement services.

Strategic Report continued

Management Company and Management of the Portfolio continued

Corporate Responsibility

Socially responsible investing and exercise of voting powers

The Board has instructed the Investment Manager to take into account the published corporate governance of the companies in which they invest.

The Company has also considered the Investment Manager's Stewardship Code and Proxy Voting Policy. The Voting Policy is for the Investment Manager to vote at all general meetings of companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. However, in exceptional cases, where it believes that a resolution could be detrimental to the interests of shareholders or the financial performance of the company, appropriate notification will be given and abstentions or a vote against will be lodged.

The Investment Manager has voted at 89 company meetings over the year ended 30 September 2013 in each case following the recommendations of the management of that company on the casting of votes.

The Investment Manager reports to the Board, when requested, on the application of the Stewardship Code and Voting Policy. The Investment Manager's Stewardship Code and Voting Policy can be found on the Company's website in the Corporate Governance section.

Environment

The Company's core activities are undertaken by its Investment Manager which seeks to limit the use of non-renewable resources and reducing waste where possible.

Diversity, Gender Reporting and Human Rights Policy

The Company has no employees and a Board comprised entirely of male Non-executive Directors.

Given the relatively short life expectancy of the Company, it is not anticipated that any new appointments will be made to the Board but, in the event that new Directors are appointed, the Board would have regard to the benefits of diversity, including gender, when seeking to make any such appointment(s).

The Company has not adopted a policy on human rights as it has no employees or operational control of its assets.

Approved by the Board on 17 December 2013

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Company Secretary

Board of Directors

James Robinson
Chairman
aged 60

Appointed to the Board and as Chairman on 12 May 2010.

James was chief investment officer, investment trusts and director of hedge funds at Henderson Global Investors prior to his retirement in 2005. A chartered accountant, he has over 34 years investment experience and is currently a director of JPMorgan Elect plc, Aberdeen New Thai Investment Trust PLC, Invesco Asia Trust plc, Fidelity European Values PLC, and Montanaro UK Smaller Companies Investment Trust plc. He is also a Council member and chairman of the investment committee of the British Heart Foundation.

John Aston, OBE
Director
aged 59

Appointed to the Board and as Chairman of the Audit and Management Engagement Committees on 12 May 2010.

John was chief financial officer at Astex Therapeutics Ltd between January 2007 and May 2010. Before joining Astex, John was chief financial officer of Cambridge Antibody Technology for ten years, where he played a central role in its development into one of Europe's most important biotechnology companies. Prior to this, John was a director in investment banking with Schroders in London and previously worked for British Technology Group and PWC. John is also a director of International Biotechnology Trust plc and is a member of the Advisory Board of CRT Pioneer Fund. He is a chartered accountant and has a degree in Mathematics from Cambridge University.

Anthony Brampton
Director
aged 56

Appointed to the Board on 25 May 2010.

Tony has a BA and a MSc in Biochemistry from Oxford University. He joined Fielding, Newson-Smith & Co. as an analyst in 1985, then worked at Wood Mackenzie & Co. and Morgan Stanley International. In 1989 he joined Cazenove & Co. and became a partner in 1999. He was managing director, corporate finance at JPMorgan Cazenove, with responsibility for healthcare, prior to his retirement in June 2006. He is currently a Non-executive Director of Polytherics Limited.

Antony Milford
Director
aged 72

Appointed to the Board on 13 May 2010.

After studying classics at Oxford and graduating with an honours degree, Antony joined the stockbroking firm Laurence Keen and Gardner as an analyst in 1967. He started managing funds for Framlington in 1971 where, for many years, he managed the Health Fund and the Biotechnology Fund.

All the Directors are members of the Audit and Management Engagement Committees. The functions of the Nomination Committee and the Remuneration Committee are undertaken by the whole Board.

The Board considers that all the Directors are independent and there were no relationships or circumstances which were likely to affect or could appear to affect their judgement.

Management Team

Daniel Mahony, Ph.D

Fund Manager

Dan has more than 15 years investment experience in the healthcare sector. Prior to joining Polar Capital, he was head of the European healthcare research team at Morgan Stanley. Before working in the investment field, Dan worked as a research scientist for 7 years with the majority of his time at Schering Plough Corporation in California.

Dan received his PhD from Cambridge University in 1995 and a first class honours degree in biochemistry from Oxford University in 1991.

Gareth Powell, CFA

Fund Manager

Gareth has 14 years investment experience in the Healthcare sector, with 9 years as a Portfolio Manager. Gareth studied Biochemistry at Oxford from 1995 to 1999 and during that time worked at Astellas, the Sir William Dunn School of Pathology, the Wolfson Institute for Biomedical Research and the Oxford Business School.

David Pinniger

Fund Manager

David joined Polar Capital's healthcare team in August 2013 and is the lead manager of the Polar Capital Biotechnology Fund. He has over 12 years' investment experience in the healthcare sector. Prior to joining Polar Capital, David was a portfolio manager of the International Biotechnology Trust at SV Life Sciences. He also previously spent three years working at venture capital firm Abingworth as an analyst managing biotechnology investments held across the firm's venture and specialist funds, and four years at Morgan Stanley as an analyst covering the European pharmaceuticals and biotechnology sector. He is a CFA Charterholder.

Anna Sizova

Analyst

Anna joined the Polar Capital Healthcare team in February 2008 as a specialist analyst covering the medical technology and medical services sectors. She has more than 7 years investment experience in the healthcare sector.

Anna holds an MBA degree from the London Business School and a degree in Theoretical and Applied Linguistics from Moscow State University.

Deane Donnigan

Analyst

Deane joined Polar Capital in June 2013 as an analyst for the healthcare team. She trained as a clinical pharmacist having graduated with a post baccalaureate Doctor of Pharmacy from the University of Georgia. In 1990, she accepted a position with Emory University Hospital in Atlanta, Georgia as a clinical specialist in Drug Information and Adult Internal Medicine. In 1997, Deane left the US to begin her career in fund management at Framlington in the UK, working on the healthcare unit trust there led by Antony Milford. Having started as an analyst, she spent 14 years at Framlington, eventually becoming lead portfolio manager on both the Framlington Healthcare and Biotechnology funds. She is both a US and UK citizen.

Report of the Directors including the Report on Corporate Governance

The Directors present their Report including the Report on Corporate Governance together with the Audited Financial Statements for the Company prepared under International Financial Reporting Standards as adopted by the European Union (IFRSs) for the year ended 30 September 2013.

Principal Activities and Status

The Company is incorporated in England and Wales as a public limited company and is domiciled in the United Kingdom. It is an investment company as defined in section 833 of the Companies Act 2006 and its ordinary shares and subscription shares are listed and traded on the London Stock Exchange.

The close company provisions do not apply.

The business of the Company is to provide shareholders with access to a discretionary managed diversified global portfolio consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology. The portfolio is diversified by geographic location and size of investee companies.

The Company's investment portfolio is a 'long-only' fund which means that it buys and holds shares to generate capital growth and income. The portfolio is managed within a framework of investment limits and restrictions determined by the Board which seeks to meet the investment objective while seeking to spread and mitigate risk.

The Company has no employees or premises and the Board is comprised of Non-executive Directors. The day to day operations and functions of the Company have been delegated to third parties.

The Company had one subsidiary, Polar Capital Global Healthcare Finance Limited a wholly owned dealing company. The subsidiary has not traded in the year and was liquidated on 21 May 2013.

Investment Trust Status

Investment Trust status permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax.

The Company has applied for and received confirmation from HM Revenue and Customs that on the basis of the information provided, the Company will be accepted as an approved investment trust for accounting periods commencing on or after 1 October 2013 subject to the Company continuing to meet the eligibility conditions of Section 1158 Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instrument 2011/2999).

The Directors are of the opinion that the Company will continue to conduct its affairs so as to maintain its status as an investment trust.

The Company's ordinary and subscription shares are eligible for inclusion within the stocks and shares component of an ISA (save where acquired pursuant to the IPO placing).

Life of the Company

The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in January 2018.

Financial Review

The performance of the Company's assets as measured by the change in the Net Asset Value per ordinary share, the level of dividends declared and paid and the change in the Benchmark Index are set out on page 1.

Assets

At 30 September 2013 the total net assets of the Company amounted to £155,747,000 compared with £120,738,000 the previous year. At 30 September 2013, there were 73 separate investments as detailed on pages 8 to 10.

Report of the Directors including the Report on Corporate Governance continued

Financial Review continued

Revenue and Expenses

The revenue and expenses for the year ended 30 September 2013 are shown in the Statement of Comprehensive Income on page 41. The Notes to the Financial Statements on pages 45 to 66 provide an analysis of these items.

Dividends

The Company aims to increase the dividend (on an annual basis) progressively, but there is no guarantee that this will be achieved. Shareholders should recognise that circumstances may arise when it is necessary to reduce the level of dividend payment or equally there may be instances when the level of dividend must be increased in order to comply with Sections 1158 and 1159 of the Corporation Tax Act 2010. Where this would result in paying a dividend beyond the Board's aim a "special dividend" will be declared and paid.

The Company aims to pay four interim dividends in February, May, August and November each year. These interim dividends will not necessarily be of equal amounts.

Details of the dividends paid are set out on page 1.

Capital Structure and Voting Interests

Issued

The Company's share capital is divided into ordinary shares of 25p each and subscription shares of 1p each. At 30 September 2013 there were 104,850,000 ordinary shares in issue and 17,800,000 subscription shares.

Changes during the year

During the year the Company has issued 6,950,001 ordinary shares at prices between 125.95p and 148.5p. Ordinary shares may be issued when the issue price is in excess of the diluted NAV and after costs there is a benefit to existing shareholders.

There have been no changes to the number of subscription shares in issue during the period.

Voting rights

Ordinary shares carry voting rights which are exercised on a show of hands at a meeting, or on a poll, where each share has one vote.

Subscription shares do not carry any rights to attend or vote at meetings of shareholders of the Company but the rights attached to the subscription shares may only be altered or abrogated with the sanction of the subscription shareholders.

Details for the lodging of proxy votes are given when a notice of meeting is issued.

Transferability

Any shares in the Company may be held in uncertificated form and, subject to the Articles of Association ("Articles"), title to uncertificated shares may be transferred by means of a relevant system.

The Articles can be changed by an ordinary shareholder resolution passed at a general meeting of the Company.

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; and (iii) if joint transferees, is in favour of not more than four such transferees.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Powers to issue ordinary shares and make market purchases of ordinary and subscription shares

At the AGM in 2013 the Board was granted by shareholders the power to allot equity securities up to a nominal value of £2,621,250 being 10% of the Company's issued ordinary share capital at that date, and to issue those shares for cash without offering those shares to shareholders in accordance with their statutory pre-emption rights.

These powers will expire at the AGM in 2014. These powers have been used as described above and renewal of the authorities will be sought at the AGM in 2014. New ordinary shares will not be allotted and issued at below the fully diluted Net Asset Value per share after taking into account the costs of issue.

The Board obtained shareholder authorities at the AGM in 2013 to make market purchases of up to 14,997,495 ordinary shares and 2,668,220 subscription shares of the Company for cancellation in accordance with the terms and conditions set out in the two shareholder resolutions. Both of these authorities expire at the AGM in 2014 and renewal of the authorities will be sought at the AGM in 2014.

During the financial year ended 30 September 2013 no ordinary shares were purchased and no subscription shares were purchased for cancellation.

Details of the resolutions and the Directors' policies for the issue and purchase of shares are set out in the separate formal Notice of the Annual General Meeting.

Major interests in ordinary shares

Declarations of interests in the voting rights of the Company at 30 September 2013 are set out below.

		Number of ordinary shares	Number of Subscription shares	Percentage of voting rights*
Brewin Dolphin Limited	Indirect	16,858,067	1,598,435	16.08%
Investec Wealth & Investments Limited	Indirect	14,679,741	–	14.00%
Rathbone Brothers Public Limited Company	Indirect	9,221,325	1,235,370	8.79%
Cazenove Capital Management Limited	Indirect	7,789,270	1,465,174	7.43%
Charles Stanley	Indirect	4,899,580	–	4.67%
Cheviot Asset Management Limited	Direct	4,805,275	–	4.58%

Since the year end, Brewin Dolphin Limited and Investec Wealth & Investments Limited have sent notification that their holdings in the Company have changed, the details of which are set out below:

		Number of ordinary shares	Number of Subscription shares	Percentage of voting rights*
Brewin Dolphin Limited	Indirect	16,369,819	1,598,435	15.61%
Investec Wealth & Investments Limited	Indirect	15,169,012	–	14.47%

* The above percentages are calculated by applying the ordinary shareholdings as notified to the issued ordinary share capital at 13 December 2013 of 104,850,000 ordinary shares.

Each subscription share carries the right to subscribe for one ordinary share at 100p per ordinary share on 31 January 2014.

Greenhouse Gas Emissions

The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 require companies listed on the Main Market of the London Stock Exchange to report on the greenhouse gas ("GHG") emissions for which they are responsible. The Company is an investment trust, with neither employees nor premises, nor has it any financial or operational control of the assets which it owns. Consequently, it has no GHG emissions to report from its operations nor does it have responsibility for any other emissions.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Company's independent auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as independent auditors to the Company will be proposed at the forthcoming AGM.

The fee in respect of the audit of the 2013 annual financial statements has been agreed at £20,500 (2012: £20,000).

Report of the Directors including the Report on Corporate Governance continued

Independent Auditors continued

The Company may also use PricewaterhouseCoopers LLP to give advice on tax and other accounting matters when necessary. No advice has been sought in the year to 30 September 2013.

The non-audit fees for the current financial year have amounted to £500 (2012:£3,000) which covers the administrative work required in tagging the financial statements for submission to HM Revenue and Customs.

The Directors do not consider the provision of this non-audit work to the Company affects the independence of the auditors.

Annual General Meeting ('AGM')

The Annual General Meeting will be held on 28 January 2014 at The Methodist Central Hall, Storey's Gate, London SW1H 9NH. Shareholders are encouraged to attend the AGM as it provides an opportunity for them to hear a presentation from the Investment Manager and meet the Directors.

The separate Notice of Annual General Meeting contains resolutions to receive the Report of the Directors and audited financial statements, approve the Directors' remuneration policy and implementation report, re-appoint the auditors and empower the Directors to set their fees. The Directors are also seeking powers to allot ordinary shares for cash and to buy back ordinary shares for cancellation or to be held in treasury and subscription shares for cancellation. The full text of the resolutions and an explanation of each is contained in the separate Notice of Annual General Meeting.

Report on Corporate Governance

The Directors are accountable to shareholders for the governance of the Company's affairs. The UK Listing Rules require all listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code (the 'UK Code') which was effective during the financial year, issued by the Financial Reporting Council. The UK Code can be viewed at www.frc.org.uk

As an investment company most of the day to day responsibilities are delegated to outside parties as the Company has no employees and all the Directors are non-executive. Many of the provisions of the UK Code are not directly applicable to the Company and the Board has determined that reporting against the AIC Code of Corporate Governance ('AIC Code'), which incorporates the UK Code, provides the most appropriate information to shareholders.

The Financial Reporting Council confirmed in 2010 that by following the AIC Code and the Corporate Governance Guide for Investment Companies produced by the AIC, boards of investment companies should fully meet their obligations in relation to the UK Code and the UK Listing Rules.

Copies of these codes can be obtained from the relevant organisations. The Company's policies on corporate governance can be found on its website.

The corporate governance report describes how the principles of the AIC Code have been applied.

Background and Development

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

Application of the AIC Code's Principles

The Board believes that the Company's current practices are consistent in all material respects with the principles of the AIC Code and where non-compliance occurs, an explanation has been provided. The Board will continue to observe the principles and recommendations set out in the AIC Code in future.

It should be noted that, as an investment Company where the Directors are non-executive, most of the Company's day to day duties are delegated to third parties. The Company has agreed policies and operating procedures with the suppliers of these services.

Directors and Board; Independence and Composition

The Board is responsible to shareholders for the overall management of the Company's affairs and currently consists of four Non-executive Directors.

Each Director has different qualities and areas of expertise on which they may lead where issues arise.

The Directors' biographies, set out on page 19, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors of the Company. The Directors' Remuneration Report is set out on pages 32 to 34.

The Board believes that retaining Directors with sufficient experience of the Company, industry and the markets is of benefit to shareholders. While the Board recognises the value of progressive refreshing of and succession planning for company's boards, given the expected seven year life of the Company, the Board has determined that there is no need for a policy on the length of service for Directors.

The Board has considered the contribution and performance of each Director as part of the Director and Board performance evaluation. It determined that each Director has relevant experience, effectively contributed to the operation of the Board and has demonstrated independent views on a range of subjects. All the Directors were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgement.

Election of Directors at the AGM

No Director is required to offer himself for re-election at the AGM in 2014. All Directors were elected at the AGM in 2012 and under the Articles of Association they are required to offer themselves for re-election at every third AGM after their last election.

They have been in office throughout the year ended to 30 September 2013. The appointment date for each Director is given on page 19.

Directors' Interests and Conflicts of Interests

The Chairman of the Company is a Non-executive Director and has no conflicting relationships.

The share interests of the Directors in the ordinary and subscription shares of the Company are set out in the table on page 34.

Directors have a duty to avoid a situation in which they have or could have a conflict of interest or possible conflict with the interests of the Company. Under the Companies Act 2006 public companies may authorise conflicts or potential conflicts if the Articles of Association contain provisions to this effect and the Company's Articles of Association contain such provisions.

Each Director has provided the Company with a statement of all conflicts of interest and potential conflicts of interest. These have been approved by the Board and recorded in a register. The Board may impose conditions on authorising any conflict or potential conflict situations. Each Director has agreed to notify the Chairman and the Company Secretary of any changes to his circumstances which would impact on the notified conflicts or potential conflicts and obtain approval before entering into any situation which might give rise to a conflict or potential conflict with the interests of the Company.

Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and also to declare any benefits from third parties in their capacity as a Director of the Company which might give rise to a conflict or potential conflict with the Company's interests. No Director has declared receipt of any benefits other than his emoluments in his capacity as a Director of the Company.

Only Directors not involved in the conflict or potential conflict participate in the authorisation process. Directors in deciding whether to authorise a situation take into account their duty to promote the Company's success.

The Board as part of its year-end review has considered the register of conflicts, any conditions imposed on such conflicts or potential conflicts and the operation of the notification and authorisation process. It concluded that the process has operated effectively since its introduction.

Report of the Directors including the Report on Corporate Governance continued

Directors' Interests and Conflicts of Interests continued

No Director has any links with the Investment Manager and there were no contracts during or at the end of the period in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business or to the Director.

Role and Responsibilities

The Board

The Board meets regularly and as required. During the period eight Board and Board Committee meetings were held to deal with the ongoing stewardship of the Company and other matters including the setting and monitoring of investment strategy and performance, review of financial statements, and shareholder issues including investor relations. The level of share price discount or premium to the Net Asset Value together with policies for re-purchase or issuance of new shares are kept under review along with matters affecting the industry and the evaluation of third party service providers.

A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No such advice has been sought during the period.

The number of formal meetings of the Board and its Committees held during the year and the attendance of individual Directors are shown below.

Year ended 30 September 2013

	Board	Audit Committee	Management Engagement Committee
Number of Meetings*	8	4	2
James Robinson	8	4	2
John Aston	8	4	2
Anthony Brampton	8	4	2
Antony Milford	7	4	2

Antony Milford missed one board meeting due to overseas commitments. All the Directors attended the AGM.

* In addition to the above meetings, a number of ad hoc special purpose Board and committee meetings were held during the period for the approval of documents, the issue of new shares and approval of regulatory announcements.

Investment Manager

The Board has delegated to external suppliers many of the day to day administrative functions of the Company. The key supplier is the Investment Manager and the Board has contractually delegated the management of the portfolio to the Investment Manager, Polar Capital LLP. It is the Investment Manager's sole responsibility to take decisions as to the purchase and sale of individual investments. The Investment Manager has responsibility for asset allocation and sector selection within the limits established and regularly reviewed by the Board. The Board has directly appointed the custodian and the registrars, both of which the Investment Manager monitors and the Investment Manager provides or procures the provision of accountancy services, company secretarial and administrative services.

The Investment Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Investment Manager attend each Board meeting enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The Directors have access to the advice and services of the corporate company secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment.

Senior Independent Director

Due to the structure of the Board it was considered unnecessary to identify a senior non-executive. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

Board Committees

The Board has delegated to the Audit Committee and the Management Engagement Committee specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board. The Board determined that due to its size, and the fact that all the Directors are non-executive and independent, the functions of the Nomination Committee and Remuneration Committee would be carried out by the full Board.

The Board acting as the Nomination Committee will, when considering new or further appointment of directors, consider the balance of skills, knowledge and experience as well as gender diversity of the whole Board and also consider the use of external consultants when drawing up a list of candidates.

The Board also creates ad hoc committees from time to time to enact policies or actions agreed in principle by the whole Board. Copies of the terms of reference for each of the standing committees are available on the Company's website.

Audit Committee

The Audit Committee comprises all the independent Non-executive Directors under the chairmanship of John Aston and would usually meet three times a year. The Board is satisfied that at least one of the Committee's members has recent and relevant financial experience. The experience and qualification of the Committee members are set out in the biographical details on page 19.

None of the members of the Committee has any involvement in the preparation of the financial statements of the Company, as this has been contracted to the Investment Manager. The Chairman of the Committee will be present at the AGM to answer questions relating to the financial statements.

The Audit Committee is responsible for reviewing the scope of the annual audit, the annual financial statements and the interim report, including significant accounting policies and any changes thereto. It also considers the terms of appointment of the auditors and their remuneration. The Audit Committee considers annually all services provided by the auditors to ensure that there is clear separation of audit and non-audit work and the cost of non-audit work is justified and not disproportionate to fees for the audit services to the extent that the independence of the auditors would be compromised. It meets with representatives of the Investment Manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. The Committee also considers the internal controls and risk management systems applicable to the Company.

The Audit Committee has direct access to the auditors and to the key senior staff of the Investment Manager and it reports its findings and recommendations to the Board which retains the ultimate responsibility for the financial statements of the Company.

The Audit Committee's policy on the provision of non-audit services is to ensure that there is a clear separation of audit work and non-audit work and that the cost of any non-audit work is justified and not disproportionate to the audit fees to the extent that the independence of the auditors would be compromised.

Audit Committee meetings

During the year ended 30 September 2013 the Audit Committee has met four times.

Audit Work

During the course of these meetings the Committee discussed with the auditors the scope of the annual audit work and the results of the annual audit including the findings of the auditors. The auditors had the opportunity to speak to the Committee without the representatives of the Investment Manager being present.

Report of the Directors including the Report on Corporate Governance continued

Audit Committee continued

Auditors

The Audit Committee considered the independence, effectiveness and performance of PricewaterhouseCoopers LLP, the Company's external auditor throughout the year and the provision of non-audit services provided by the auditors has been kept under review. Details of fees paid to the auditors are given in note 9 on page 51. The independence and effectiveness of the auditors and the nature of the services provided have therefore been assessed throughout the year.

The Audit Committee remains satisfied with the auditor's effectiveness and does not consider it necessary to require the external auditors to tender for the audit work. There are no contractual obligations restricting the choice of external auditor. Under Company Law the reappointment of the external auditor is subject to shareholder approval at the Annual General Meeting and the Audit Committee has recommended that the Board supports the reappointment of the auditors at the AGM.

Given both the size and the life expectancy of the Company, the Audit Committee does not anticipate commencing a tender process prior to the seventh AGM (expected to be held in January 2018) at which a resolution to place the Company into liquidation will be put.

Internal Controls

The Audit Committee as part of its work has reviewed the Company's internal financial controls and those of the Investment Manager that relate to the services provided to the Company.

Significant Issues

The Audit Committee has considered the full year and half year reports and financial statements including the valuation of investments where appropriate.

The Committee has also considered matters referred to it from the board, in particular: the key performance indicators for Investment Trust status on page 14, the valuation process for investments on page 47, and the Statement of Going Concern on page 36.

There has been nothing brought to the Audit Committee's attention in respect of the 2013 financial statements which was material or significant or that they felt should be brought to shareholders' attention.

Management Engagement Committee

The Management Engagement Committee comprises all the independent Non-executive Directors under the chairmanship of John Aston and will usually meet once a year and at such other times as may be necessary.

The Management Engagement Committee is responsible for the review of the relationship with the Investment Manager including the annual review of the Investment Management and other services and resources supplied by the Investment Manager, prior to making its recommendation to the Board, whether the retention of the Investment Manager is in the interests of shareholders.

Management Engagement Committee meetings

During the year ended 30 September 2013 the Management Engagement Committee has met twice. Once to carry out the review of the Investment Manager and consider its continued appointment and once to consider arrangements for the appointment of the Alternative Investment Fund Manager.

The Board, through the Management Engagement Committee, has reviewed the performance of the Investment Manager in managing the portfolio over the period since launch. The review also considered the quality of the other services provided by the Investment Manager.

It has concluded that it is in the best interests of shareholders as a whole that the appointment of Polar Capital LLP as Investment Manager is continued on the existing terms.

Directors' Professional Development

When a new Director is appointed he or she is offered an induction course provided by the Investment Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also participate in the Investment Manager's online training as well as also regularly participating in professional and industry seminars.

Performance Evaluation

The Board

The evaluation of the Board, its Committees and individual Directors is carried out annually. The process involves the use of a written questionnaire and the Chairman seeking the views of each Director. The responses to the questionnaire are reviewed by the full Board.

The review of the Chairman's performance was conducted by the full Board led by the Chairman of the Audit Committee.

In carrying out these evaluations each Director is assessed on their relevant experience, their strengths and weaknesses in relation to the overall requirements of the Board and their commitment to the Company in terms of time by regular attendance at Board meetings. The process is constructed to assess the contribution of individual Directors to the overall operation of the Board and its Committees.

The Board has considered the size and structure of the Board as well as succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and the Company's expected seven year life.

Reappointment as a Director is not automatic and follows a process of evaluation of each Director's performance. The Board acknowledges the rationale of the UK Code for the rigorous review of Directors serving over six years and annual re-appointment after nine years. Nevertheless the Board shares the view of the AIC that length of service will not necessarily compromise the independence or contribution of directors of investment trusts where continuity and experience can significantly strengthen a board.

The Company does not have a policy on length of service for Directors due to the expected seven year life. All Directors are appointed for an initial term of three years, subject to reappointment and Companies Act provisions.

The Investment Manager

The Board reviews the performance of the Investment Manager at each Board meeting and the Company's performance against the Benchmark and a peer group of investment companies and funds with similar investment objectives.

The investment team provided by the Investment Manager, led by Dr. Daniel Mahony, has experience of investing in the healthcare sector. In addition, the Investment Manager has other investment resources which support the investment team and has experience in managing and administering other investment trust companies.

The Management Engagement Committee reviews the terms of the contract with the Investment Manager.

The Board also monitors through the Investment Manager the performance of its other service providers including the custodian and registrar.

Accountability and Audit

The Statement of Directors' Responsibilities in respect of the financial statements is set out on pages 35 and 36 and the Independent Auditors' Report is on pages 37 to 40. Additional responsibility statements given by the Directors on Going Concern basis; the annual report and financial statements when taken as a whole are Fair, Balanced and Understandable; and the other matters are set out on pages 35 and 36.

Report of the Directors including the Report on Corporate Governance continued

Internal Controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Company has no employees as its operational functions are carried out by third parties as described on page 17.

The Audit Committee does not consider it necessary for the Company to establish its own internal audit function as the Investment Manager, overseen by the Board, is responsible for monitoring all accounting and internal control operations.

The Investment Manager is responsible for the day to day investment management decisions on behalf of the Company and for the provision of accounting and administrative services including company secretarial services. The Investment Manager has an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The Investment Manager is authorised and regulated by the Financial Conduct Authority and its compliance department monitors compliance with the FCA rules.

The Board has established an ongoing process for identifying, evaluating and managing any major risks faced by the Company. The process is documented through the use of a Risk Map which is subject to regular review by the Board and accords with the Revised Guidance for Directors on the Combined Code published in October 2005 by the Financial Reporting Council.

The controls are embedded within the business and aim to ensure that identified risks are managed and systems are in place to report on such risks. The internal controls seek to ensure the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used in the Company and for publication is reliable. Controls covering the risks identified, including financial, operational, compliance and risk management are monitored by a series of regular reports covering investment performance, attribution analysis, reports from various third parties and from the Investment Manager including risks not directly the responsibility of the Investment Manager.

The Board has received a formal report from the Investment Manager with details of any known internal control failures and has also considered reports on the Investment Manager's internal controls and systems operated by other third party suppliers. The Board considers ad hoc reports from the Investment Manager and information is supplied to the Board as required.

The process was active throughout the period and up to the date of approval of this annual report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board will continue to monitor the system of internal controls in order to provide assurance that they operate as intended.

The Investment Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services (UK) Limited but remains responsible to the Company for these functions and provides the Board with information on these services.

The Board undertakes an annual review of the Company's system of internal control where the Risk Map is reviewed and control processes considered. The Board, assisted by the Investment Manager, has conducted the annual review of the risk map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the course of the year ended 30 September 2013 and up to the date of this report.

The Board has adopted a zero tolerance to bribery and corruption in its business activities and uses the anti-bribery policy formulated and implemented by Polar Capital LLP which was sent to all suppliers of both Polar Capital LLP and the Company.

Relations with Shareholders

The Board and the Investment Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are kept informed by the publication of annual and interim reports which include financial statements. These reports are supplemented by interim management statements, the daily release of the net asset value per share to the London Stock Exchange and the publication by the Investment Manager of a monthly factsheet.

All this information together with the Investment Manager's presentations is available from the Company's website at www.polarcapitalhealthcaretrust.co.uk

The Board is also keen that the AGM be a participative event for all shareholders who attend. The Investment Manager will make a presentation and shareholders are encouraged to attend. The Chairmen of the Board and of the Committees attend the AGM and are available to respond to queries and concerns from shareholders.

At least twenty working days notice of the AGM is given to shareholders and separate resolutions are proposed in relation to each substantive issue.

Where the vote is decided on a show of hands, the proxy votes received are relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Annual General Meeting sets out the business of the AGM together with the full text of any special resolutions.

Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the company secretary at the Registered Office of the Company.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the Registered Office of the Company.

Statement of Compliance

The AIC Code comprises 21 principles. The Board consider that for the year under review the Directors, Board and Company have complied with the recommendations of the AIC Code in so far as they apply to the Company's business. For the reasons set out in the AIC Guide the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company;

- As all Directors are non-executive and day to day management has been contracted to third parties the Company does not have a separate role for a Chief Executive from that of Chairman of the Board
- As there are no executive Directors it does not comply with the UK Code in respect of executive directors' remuneration
- The Company does not have an internal audit function as it relies on the systems of control operated by third party suppliers in particular those of the Investment Manager
- Due to the structure of the Board it was considered unnecessary to identify a senior independent non-executive. The Board considers that all Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns may be conveyed.

By order of the Board

N P Taylor FCIS

Polar Capital Secretarial Services Limited

Company Secretary

17 December 2013

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority in respect of the year ended 30 September 2013. It has been audited where indicated as such. Ordinary resolutions to approve both the forward looking policy and the implementation report for the year under review will be put to the AGM on 28 January 2014.

Chairman's Report

As the Company is an investment trust with no executive directors or employees, the Board as a whole performs the role of the Remuneration Committee. It considers and decides on the remuneration of the Non-executive Directors, aiming to pay fees at a median level, relative to other companies in the sector, reflecting the responsibilities and time commitments of the Board.

Company's Policy on Directors' Remuneration

Policy	Operation	Opportunity
How policy supports strategy		
The Board consists entirely of Non-executive Directors, who meet regularly to deal with the Company's affairs. The intention is that fees payable reflect the time spent by them individually and collectively, be of a level appropriate to their responsibilities and be in line with market practice, sufficient to enable candidates of high calibre to be recruited and retained.	Non-executive Directors have formal letters of appointment (which include notice periods of one month) and their remuneration is determined by the Board within the limits set by the Articles of Association. Rates are reviewed annually but the review will not necessarily result in any change to rates. Non-executive Directors are appointed initially for a three year term, subject to re-election by shareholders. All fees are paid in cash, monthly in arrears, to the Director concerned.	The Company's policy in relation to fees is to offer only a fixed basic fee in line with equivalent roles within the sector with additional fees for the roles of Chairman of the Company and Chairman of the Committees.
As the Company is an investment trust and all the Directors are Non-executive, it is considered inappropriate to have any long-term incentive schemes or benefits.	Non-executive Directors do not receive any bonus, nor do they participate in any long term incentive schemes or pension schemes.	There are no performance conditions relating to Non-executive Directors fees.

Fee Review

The Board acting as the Remuneration Committee undertook a review of the fees paid to the Directors in October 2013. While Directors' fees are reviewed each year in accordance with the policy there has been no change in the fee rate since 2010 when the Company was established. The Board considered the level of fees paid at other specialist investment trust companies and the rate of inflation over the period as well as the increased responsibilities imposed on directors in general with the changes in European and UK legislation.

In light of these factors the Board has decided to increase the annual fees paid to a Director from £20,000 to £23,000, to the Chairman from £30,000 to £33,000 with the extra fee payable to the chairman of the Audit and Management Engagement Committees to remain at £5,000.

Directors' fees will continue to be reviewed on an annual basis.

Implementation Report – Directors remuneration paid for the year ended 30 September 2013

Service Contracts

None of the Directors has a contract of service or a contract for services and a Director may resign by giving one month's notice in writing to the Board at any time. In accordance with recommended practice, each Director has received a letter setting out the terms of his appointment.

New Directors are appointed and elected with the expectation that they will serve for a period of at least three years. Each Director's appointment is reviewed formally each time a Director retires by rotation under the Articles of Association.

Remuneration Report for the year ended 30 September 2012

The result of the advisory shareholder vote on the Directors' Remuneration Report submitted to the 2013 Annual General Meeting was as follows:

Votes for	100% (of voted shares)
Votes against	0%
Votes abstained	0%

Directors' and officers' liability insurance

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. The Company has, as permitted by the Articles of Association, entered into a Deed of Indemnity with and in favour of each Director, indemnifying the Directors in respect of costs and liabilities which they may incur in connection with proceedings against them arising out of their position as a Director (excluding criminal or regulatory penalties). The indemnities granted to the Directors are subject to certain exclusions and limitations, including that such indemnities shall not apply to the extent prohibited by law.

Directors' legal costs may in certain circumstances be funded up-front, provided that such costs are reimbursed to the Company where required, including if the individual is convicted or, in an action brought by the Company, judgment is given against him. These provisions were in force during the year and remain in force.

Remuneration Arrangements

In the year under review the Directors' fees were paid at the following annual rates, the Chairman £30,000; other Directors £20,000 with the Chairman of the Audit Committee receiving an extra £5,000 for performing that additional role.

Remuneration (Audited)

The fees payable in respect of each of the Directors were as follows:

	Date of appointment	Year ended 30 September 2013	Year ended 30 September 2012
James Robinson	12 May 2010	£30,000	£30,000
John Aston (Chairman of the Audit and Management Engagement Committees)	12 May 2010	£25,000	£25,000
Anthony Brampton	25 May 2010	£20,000	£20,000
Antony Milford	13 May 2010	£20,000	£20,000
TOTAL*		£95,000	£95,000

* See Note 9 on page 51

Directors' Remuneration Report continued

Remuneration (Audited) continued

No pension contributions or other remuneration or compensation was paid or payable by the Company during the year to any of the Directors. Consequently, the figures shown above comprise the single total remuneration figure for each director.

Directors' share interests

The interests of Directors in the ordinary and subscription shares of the Company on 30 September 2013 and at 30 September 2012

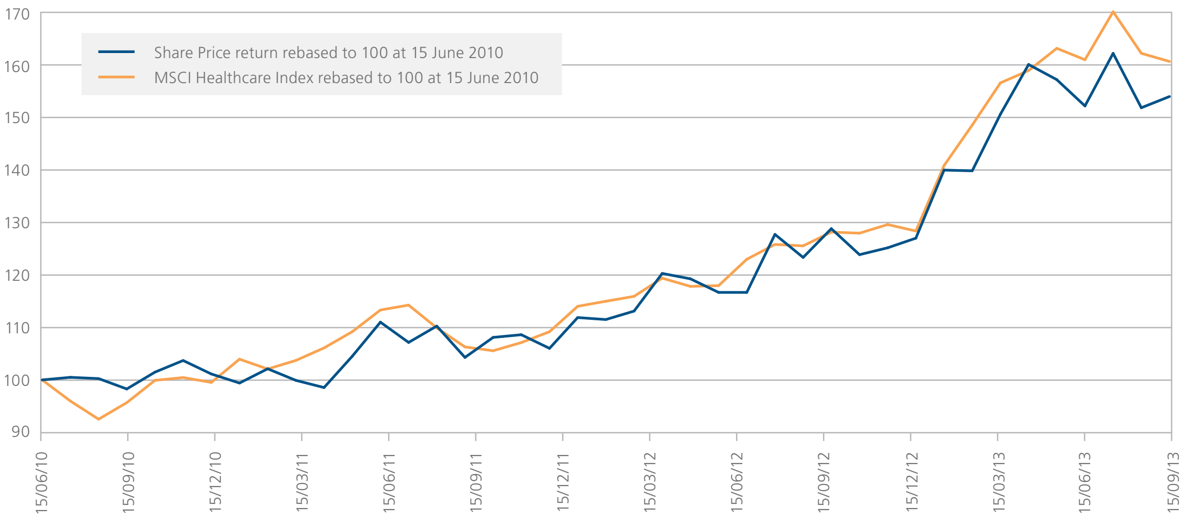
	Ordinary Shares		Subscription Shares	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012
James Robinson	61,733	35,000	5,000	5,000
John Aston	10,000	10,000	2,000	2,000
Anthony Brampton	20,000	20,000	4,000	4,000
Antony Milford	10,000	10,000	2,000	2,000

All holdings are beneficially held and there have been no changes in these interests between the end of the financial year and 17 December 2013.

Performance

A 5 year performance comparison is required to be presented in this report. However, as the Company was incorporated on 12 May 2010 and commenced trading on 15 June 2010, the performance comparison is therefore shown for the period from 15 June 2010.

The MSCI Healthcare Index (total return in sterling with net dividends reinvested) is used as the comparator because, as a market capitalisation weighted index, the Board considers that it is the most appropriate single market index.



Approved by the Board on 17 December 2013

James Robinson

Chairman

Statement of Directors' Responsibilities
In respect of the Annual Report, Directors' Remuneration Report and Financial Statements

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Financial Statements, Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Disclosure of Information to the Auditors

As far as the Directors are aware and to the best of their knowledge, having made enquiries, there is no relevant audit information of which the Auditors are unaware and the Directors have taken steps to make themselves aware of any relevant audit information and to establish that the Auditors are aware of such information.

Statement of Directors' Responsibilities continued

In respect of the Annual Report, Directors' Remuneration Report and Financial Statements

Going Concern

The Board has, through the Audit Committee, considered the Company's position as at 30 September 2013 and the factors impacting the forthcoming year are set out in the Chairman's Statement and the Investment Manager's Report on pages 2 to 7 and in the Strategic Report and in the Report of the Directors which incorporates the corporate governance statements.

The financial position of the Company, its cash flows, and its liquidity position is described in the Strategic Report section on pages 2 to 18. Note 24 to the financial statements includes the Company's policies and process for managing its capital; its financial risk management objectives and details of financial instruments and hedging activities. Exposure to credit risk and liquidity risk are also disclosed.

The Company has a portfolio of investments listed and traded on stock exchanges around the world, the majority of which can be sold within five working days, providing considerable financial resources, and after making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the continued uncertain economic outlook. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Responsibility Statement under the Disclosure and Transparency Rules

Each of the Directors of Polar Capital Global Healthcare Growth and Income Trust plc, who are listed on page 19, confirm that, to the best of their knowledge:

- the Financial Statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Chairman's Statement, Investment Manager's Report, Strategic Report and Report of the Directors (together constituting the Management Report) includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

James Robinson
Chairman
17 December 2013

Independent Auditors' Report

To the Members of Polar Capital Global Healthcare Growth and Income Trust plc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 30 September 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements, which are prepared by Polar Capital Global Healthcare Growth and Income Trust plc (the 'Company'), comprise:

- the balance sheet as at 30 September 2013;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity and cashflow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Financial Statements ('Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' Report continued

To the Members of Polar Capital Global Healthcare Growth and Income Trust plc

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole

Based on our professional judgement, we determined an overall materiality for the financial statements as a whole of £1.6m which is approximately 1% of Total Assets.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £80,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Company is a standalone Investment Trust Company managed by an independent investment manager, Polar Capital LLP (the "Investment Manager").

The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Investment Manager. The Investment Manager has, with the consent of the Directors, delegated the provision of certain administrative functions to HSBC Securities Services (UK) Limited (the 'Company Administrator').

In establishing the overall approach to our audit we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Manager and Company Administrator, and we assessed the control environment in place at both organisations, to the extent relevant to our audit of the Company.

Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Areas of particular audit focus

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on the matters that they considered to be significant issues in relation to the financial statements is set out on page 28.

Area of focus	How the scope of our audit addressed the area of focus
Valuation and existence of investments We focused on this area because investments represent the principal element of the financial statements	The investment portfolio comprised listed equity investments. We tested this investment portfolio by agreeing the valuation of investments to independent third party sources. We tested the existence of all investments held within the investment portfolio to an independent custodian confirmation.
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider management override of controls.	We tested a sample of journal entries to determine whether adjustments were supported by evidence and appropriately authorised. We also built an element of unpredictability into our detailed testing.

Going Concern

Under the Listing Rules we are required to review the Directors' Statement, set out on page 36, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' Statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made, and under the Listing Rules we are required to review certain elements of the report to shareholders by the Board on Directors' remuneration. We have no exceptions to report arising from these responsibilities.

Independent Auditors' Report continued
To the Members of Polar Capital Global Healthcare Growth and Income Trust plc

Corporate Governance Statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 35 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy. On page 28, as required by C3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report
Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit
Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Allan McGrath (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Edinburgh

17 December 2013

Statement of Comprehensive Income

For the year ended 30 September 2013

		Year ended 30 September 2013			Year ended 30 September 2012		
	Notes	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	4,607	314	4,921	4,174	149	4,323
Other operating income	4	244	–	244	407	–	407
Gains on investments held at fair value	5	–	25,749	25,749	–	20,512	20,512
Other movements on written options	6	–	–	–	–	74	74
Other currency losses	7	–	(188)	(188)	–	(162)	(162)
Total income		4,851	25,875	30,726	4,581	20,573	25,154
Expenses							
Investment management fee	8	(244)	(975)	(1,219)	(188)	(752)	(940)
Other administrative expenses	9	(373)	–	(373)	(310)	–	(310)
Total expenses		(617)	(975)	(1,592)	(498)	(752)	(1,250)
Profit before finance costs and tax		4,234	24,900	29,134	4,083	19,821	23,904
Finance costs		–	–	–	–	–	–
Profit before tax		4,234	24,900	29,134	4,083	19,821	23,904
Tax	10	(482)	(25)	(507)	(481)	8	(473)
Net profit for the year and total comprehensive income		3,752	24,875	28,627	3,602	19,829	23,431
Earnings per ordinary share (basic) (pence)	12	3.68	24.38	28.06	3.68	20.25	23.93
Earnings per ordinary share (diluted) (pence)	12	3.51	23.28	26.79	3.61	19.85	23.46

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The notes on pages 45 to 66 form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 September 2013

		Year ended 30 September 2013					
	Notes	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 October 2012		24,653	7,360	64,792	22,278	1,655	120,738
Total comprehensive income:							
Profit for the year ended 30 September 2013		–	–	–	24,875	3,752	28,627
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares	16, 17	1,738	8,057	–	–	–	9,795
Equity dividends paid	11	–	–	–	–	(3,413)	(3,413)
Total equity at 30 September 2013		26,391	15,417	64,792	47,153	1,994	155,747

		Year ended 30 September 2012					
	Notes	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 1 October 2011		24,653	7,365	64,792	2,449	1,165	100,424
Total comprehensive income:							
Profit for the year ended 30 September 2012		–	–	–	19,829	3,602	23,431
Transactions with owners, recorded directly to equity:							
Share issue costs	17	–	(5)	–	–	–	(5)
Equity dividends paid	11	–	–	–	–	(3,112)	(3,112)
Total equity at 30 September 2012		24,653	7,360	64,792	22,278	1,655	120,738

The notes on pages 45 to 66 form part of these financial statements.

Balance Sheet
As at 30 September 2013

	Notes	30 September 2013 £'000	30 September 2012 £'000
Non current assets			
Investments held at fair value	13	155,308	120,332
Current assets			
Receivables	14	3,197	482
Overseas tax recoverable		137	130
Cash and cash equivalents	22	844	112
		4,178	724
Total assets		159,486	121,056
Current liabilities			
Payables	15	(3,739)	(291)
Bank overdraft	22	–	(27)
		(3,739)	(318)
Net assets		155,747	120,738
Equity attributable to equity shareholders			
Called up share capital	16	26,391	24,653
Share premium reserve	17	15,417	7,360
Special distributable reserve	18	64,792	64,792
Capital reserves	19	47,153	22,278
Revenue reserve	20	1,994	1,655
Total equity		155,747	120,738
Net asset value per ordinary share (pence)	21	148.54	123.33
Net asset value per ordinary share (diluted) (pence)	21	141.50	119.74

The financial statements on pages 41 to 44 were approved and authorised for issue by the Board of Directors on 17 December 2013 and signed on its behalf.

James Robinson
Chairman

The notes on pages 45 to 66 form part of these financial statements.

Registered number: 7251471

Cash Flow Statement

For the year ended 30 September 2013

	Notes	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Cash flows from operating activities			
Profit before tax		29,134	23,904
Adjustment for non-cash items:			
Gain on investments held at fair value through profit or loss		(25,749)	(20,512)
Adjusted profit before finance costs and tax		3,385	3,392
Adjustments for:			
Purchases of investments, including transaction costs		(55,857)	(59,915)
Sales of investments, including transaction costs		47,375	53,759
Decrease/(increase) in receivables		18	(163)
Decrease in payables		(30)	(243)
Overseas tax deducted at source		(514)	(467)
Net cash used in operating activities		(5,623)	(3,637)
Cash flows from financing activities			
Proceeds from issue of share capital (net of issue costs)		9,795	(5)
Equity dividends paid	11	(3,413)	(3,112)
Net cash generated from/(used in) financing activities		6,382	(3,117)
Net increase/(decrease) in cash and cash equivalents		759	(6,754)
Cash and cash equivalents at the beginning of the year		85	6,839
Cash and cash equivalents at the end of the year	22	844	85

The notes on pages 45 to 66 form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 September 2013

1. General Information

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies under IFRS.

The Company's presentational currency is pounds sterling. Pounds sterling is also the functional currency of the Company because it is the currency which is most relevant to the majority of the Company's shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid.

The trading subsidiary, Polar Capital Global Healthcare Finance Limited was dissolved from the Companies House register on 21 May 2013. As such, there is no longer a group in existence and therefore the financial statements, including comparatives, have been presented on a Company only basis.

2. Accounting Policies

The principal accounting policies which have been applied consistently for all years presented are set out below:

(a) Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in January 2009 is consistent with the requirements of IFRS, in so far as those requirements are applicable to the financial statements, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income. In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 Corporation Tax Act 2010.

(c) Income

Dividends receivable from equity shares are taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Income from US/Canadian REITs is initially taken to the revenue return column of the Statement of Comprehensive Income on an ex-dividend basis. An adjustment may then be made to reallocate a proportion of this income to capital, depending on the information announced by the REITs.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of the cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

Bank interest is accounted for on an accruals basis. Interest outstanding at the year end is calculated on a time apportionment basis using market rates of interest.

Notes to the Financial Statements continued

For the year ended 30 September 2013

2. Accounting Policies continued

(d) Written Options

The Company may write exchange-traded options with a view to generating income. This involves writing short-dated covered-call options and put options. The use of financial derivatives is governed by the Company's policies, as approved by the Board.

These options are recorded initially at fair value, based on the premium income received, and are then measured at subsequent reporting dates at fair value. Changes in the fair value of the options are recognised in the capital return for the period.

The option premiums are recognised evenly over the life of the option and shown in the revenue return, with an appropriate amount shown in the capital return to ensure the total return reflects the overall change in the fair value of the options.

Where an option is exercised, any balance of the premium is recognised immediately in the revenue return with a corresponding adjustment in the capital return based on the amount of the loss arising on exercise of the option.

(e) Expenses

All expenses, including the management fee, are accounted for on an accruals basis and are recognised when they fall due.

All expenses have been presented as revenue items except as follows:

Expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fees have been charged to the Statement of Comprehensive Income in line with the Board's expected long-term split of returns, in the form of capital gains and income from the Company's portfolio. As a result 20% of the investment management fees are charged to the revenue account and 80% charged to the capital account of the Statement of Comprehensive Income.

The performance fee (when payable) is charged entirely to capital as the fee is based on the out-performance of the Benchmark and is expected to be attributable largely, if not wholly, to capital performance.

(f) Taxation

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profits for the year ended 30 September 2013. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of Comprehensive Income is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Investments Held at Fair Value Through Profit or Loss

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date and are initially measured at fair value.

On initial recognition the Company has designated all of its investments as held at fair value through profit or loss as defined by IFRS. All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1: Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2: Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Having inputs for the asset or liability that are not based on observable market data.

Changes in fair value of all investments held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value (amortised cost) as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

(j) Dividends Payable

Dividends payable to shareholders are recognised in the accounts when they are paid or, in the case of final dividends, when they are approved by the shareholders.

(k) Payables

Other payables are not interest-bearing and are initially valued at fair value and subsequently stated at their nominal value (amortised cost).

Notes to the Financial Statements continued

For the year ended 30 September 2013

2. Accounting Policies continued

(l) Foreign Currency Translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(m) Capital Reserves

Capital reserve arising on investments sold includes:

– gains/losses on disposal of investments

– exchange differences on currency balances

– other capital charges and credits charged to this account in accordance with the accounting policies above

Capital reserve arising on investments held includes:

– increases and decreases in the valuation of investments held at the balance sheet date.

All of the above are accounted for in the Statement of Comprehensive Income.

(n) Accounting Standards

(i) Standards, amendments and interpretations becoming effective in the year to 30 September 2013:

- IAS 1, 'Presentation of Financial Statements' Amendments to revise the way other comprehensive income is presented. No impact on the financial statements.

(ii) Standards, amendments and interpretations to existing standards become effective in future accounting periods and have not been adopted early by the Company:

- IFRS 7 (amendment), 'Financial Instruments – Disclosures' (effective for periods beginning on or after 1 January 2013). Amendments enhancing disclosures about offsetting financial assets and financial liabilities.

- IFRS 9, 'Financial Instruments' (effective for financial years beginning on or after 1 January 2015). Replaces IAS 39. Simplifies accounting for financial assets, replacing the current multiple measurement categories with a single principle-based approach to classification. All financial assets to be measured at either amortised cost or fair value. The Company will apply IFRS 9 from 1 October 2015 subject to endorsement by the EU.

- IFRS 13, 'Fair Value Measurement' (effective for periods beginning on or after 1 January 2013). Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across all IFRSs. The Company will apply IFRS 13 from 1 October 2014.

- IAS 32, 'Financial Instruments Presentation' (effective for periods beginning on or after 1 January 2014). Aims to provide clarity on the offsetting of financial assets and liabilities on the balance sheet.

(iii) The following standards, amendments and interpretations to existing standards become effective in future accounting periods (all from 1 January 2013, unless stated), but are not relevant for the Company's operations:

- IFRS 1, 'Joint Arrangements'
- IAS 19 (amendment), 'Employee Benefits'
- IAS 27 (revised 2011), 'Separate Financial Statements'
- IAS 28 (revised 2011), 'Associates and joint ventures'
- IFRIC 20, 'Stripping costs in the production phase of a surface mine'
- IFRS 1, 'First time adoption, on government loans'
- IFRS 10, 11 and 12 (amendment) transition guidance
- IFRS 1, 'First time adoption, on hyperinflation and fixed dates'
- IFRS 10, 'Consolidated Financial Statements' (effective for periods beginning on or after 1 January 2014).
- IFRS 12, 'Disclosure of Interests in Other Entities' (effective for periods beginning on or after 1 January 2014).
- IFRS 10, 12 and IAS 27 (amendment) 'Consolidation for Investment entities' (effective for periods beginning on or after 1 January 2014).
- IAS 36, (amendment), 'Impairment of assets' (effective for periods beginning on or after 1 January 2014).
- IAS 39, (amendment), 'Financial Instruments: Recognition and measurement' (effective for periods beginning on or after 1 January 2014).
- IFRIC 21, 'Levies' (effective for periods beginning on or after 1 January 2014).

(o) Segmental Reporting

Under IFRS 8, 'Operating Segments', operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Investment Manager (with oversight from the board).

The Directors are of the opinion that the Company has only one operating segment and as such no distinct segmental reporting is required.

3. Investment Income

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Revenue:		
Franked: Listed investments		
Dividend income	890	757
Unfranked: Listed investments		
Dividend income	3,717	3,417
Total investment income allocated to revenue	4,607	4,174
Capital:		
Special dividends allocated to capital	157	31
Dividends from REITs allocated to capital	157	118
Total investment income allocated to capital	314	149

Notes to the Financial Statements continued

For the year ended 30 September 2013

4. Other Operating Income

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Option premium income	243	406
Bank interest	1	1
Total other operating income	244	407

Option premium income for the year arises from writing short-dated covered-call options and put options in the expectation that the options will not be exercised or, in overall terms, any losses that may arise following exercise will be outweighed by the premiums received. As shown in note 6, a gain of £nil (2012: gain of £74,000) has been recognised in the capital return for the year in respect of these options.

5. Gains on Investments Held at Fair Value

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Net gains on disposal of investments based on historic cost	10,939	3,317
Less fair value adjustments in earlier years	(4,622)	(1,161)
Gains based on carrying value at previous balance sheet date	6,317	2,156
Valuation gains on investments held during the year	19,432	18,356
	25,749	20,512

6. Other Movements on Written Options

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Other movements on written options	–	74

This movement arises from differences between the change in fair value of written options and the amount of premium income recognised in the revenue return, in accordance with the policy explained in note 2(d).

7. Other Currency Losses

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Exchange losses on currency balances	(188)	(162)

8. Investment Management Fee

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Management fee		
– charged to revenue	244	188
– charged to capital	975	752
Investment management fee payable to Polar Capital LLP.	1,219	940

Management fees are allocated 20% to revenue and 80% to capital.

9. Other Administrative Expenses (Including VAT where appropriate)

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Directors' fees	95	95
Auditors' remuneration:		
For audit of the Company financial statements	21	20
For taxation compliance services	1	3
Other expenses	256	192
	373	310

Ongoing charges represents the total expenses of the fund, excluding finance costs, expressed as a percentage of the average daily net asset value, in accordance with AIC guidance issued in May 2012.

The ongoing charges ratio for the year ended 30 September 2013 was 1.10% (2012: 1.14%).

Notes to the Financial Statements continued

For the year ended 30 September 2013

10. Taxation

	Year ended 30 September 2013			Year ended 30 September 2012		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
a) Analysis of tax charge for the year:						
Overseas tax	482	25	507	470	3	473
Tax relief in capital	–	–	–	11	(11)	–
Total tax for the year (see note 10b)	482	25	507	481	(8)	473
b) Factors affecting tax charge for the year:						
The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:						
Profit before tax	4,234	24,900	29,134	4,083	19,821	23,904
Tax at the UK corporation tax rate of 23%* (2012: 24%)*	486	2,856	3,342	490	2,379	2,869
Tax at the UK corporation tax rate of 24% (2012: 26%)	509	2,996	3,505	531	2,577	3,108
Tax effect of non-taxable dividends	(1,004)	(74)	(1,078)	(960)	(37)	(997)
Gains on investments that are not taxable	–	(6,008)	(6,008)	–	(5,107)	(5,107)
Unrelieved current period expenses and deficits	19	230	249	–	140	140
Expenses and finance costs not deductible for tax purposes	–	–	–	–	–	–
Overseas tax suffered	482	25	507	470	3	473
Tax relief on overseas tax suffered	(10)	–	(10)	(50)	37	(13)
Total tax for the year (see note 10a)	482	25	507	481	(8)	473

* The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23.5%.

c) Factors that may affect future tax charges:

The Company has an unrecognised deferred tax asset of £416,000 (2012: £235,000) based on a prospective corporation tax rate of 20% (2012: 23%).

The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

The reduction in the standard rate of corporation tax was substantively enacted in July 2013 and will be effective from 1st April 2015.

Given the Company's intention to continue to meet the conditions requires to retain its status as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

11. Amounts Recognised as Distributions to Ordinary Shareholders in the Year

Dividends paid in the year ended 30 September 2013

Payment date	No of shares	Pence per share	Year ended 30 September 2013 £'000
30 November 2012	100,250,000	0.50p	501
28 February 2013	100,250,000	0.50p	501
31 May 2013	104,850,000	0.50p	524
30 August 2013	104,850,000	1.80p	1,887
			3,413

The revenue available for distribution by way of dividend for the year is £3,752,000 (2012: £3,602,000).

The total dividends payable in respect of the financial year ended 30 September 2013 which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, is set out below:

Payment date	No of shares	Pence per share	Year ended 30 September 2013 £'000
28 February 2013	100,250,000	0.50p	501
31 May 2013	104,850,000	0.50p	524
30 August 2013	104,850,000	1.80p	1,887
29 November 2013	104,850,000	0.55p	577
			3,489

Dividends paid in the year ended 30 September 2012

Payment date	No of shares	Pence per share	Year ended 30 September 2012 £'000
30 November 2011	97,899,999	0.46p	450
29 February 2012	97,899,999	0.46p	450
31 May 2012	97,899,999	0.46p	450
31 August 2012	97,899,999	1.80p	1,762
			3,112

The total dividends payable in respect of the financial year ended 30 September 2012 which is the basis on which the requirements of Section 1158 Corporation Tax Act 2010 are considered, is set out below:

Payment date	No of shares	Pence per share	Year ended 30 September 2012 £'000
29 February 2012	97,899,999	0.46p	450
31 May 2012	97,899,999	0.46p	450
31 August 2012	97,899,999	1.80p	1,762
30 November 2012	100,250,000	0.50p	501
			3,163

All dividends are paid as interim dividends.

The dividends paid in November each year relate to a dividend declared in respect of the previous financial year but paid in the current accounting year.

Notes to the Financial Statements continued

For the year ended 30 September 2013

12. Earnings Per Ordinary Share

	Year ended 30 September 2013			Year ended 30 September 2012		
	Revenue return	Capital return	Total return	Revenue return	Capital return	Total return
The calculation of basic earnings per share is based on the following data:						
Net profit for the year (£'000)	3,752	24,875	28,627	3,602	19,829	23,431
Weighted average ordinary shares in issue during the year	102,032,603	102,032,603	102,032,603	97,899,999	97,899,999	97,899,999
Basic – ordinary shares (pence)	3.68	24.38	28.06	3.68	20.25	23.93
The calculation of diluted earnings per share is based on the following data:						
Net profit for the year (£'000)	3,752	24,875	28,627	3,602	19,829	23,431
Diluted number of shares in issue during the year	106,864,230	106,864,230	106,864,230	99,906,976	99,906,976	99,906,976
Diluted – ordinary shares (pence)	3.51	23.28	26.79	3.61	19.85	23.46

The calculations of the diluted total, revenue and capital returns per ordinary share are carried out in accordance with IAS 33 "Earnings per Share". For the purposes of calculating diluted returns per ordinary share, the number of ordinary shares is the weighted average used in the basic calculation plus the number of ordinary shares deemed to be issued for no consideration on exercise of all subscription shares by reference to the average share price of the ordinary shares during the year.

13. Investments Held at Fair Value

(a) Movements on investments

	30 September 2013 £'000	30 September 2012 £'000
Cost brought forward	99,146	89,912
Valuation gains	21,186	3,991
Valuation brought forward	120,332	93,903
Additions at cost	59,335	59,676
Proceeds on disposal	(50,108)	(53,759)
Gains on disposal	6,317	2,156
Valuation gains	19,432	18,356
Valuation at 30 September	155,308	120,332
Cost at 30 September	119,312	99,146
Closing fair value adjustment	35,996	21,186
Valuation at 30 September	155,308	120,332

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	30 September 2013 £'000	30 September 2012 £'000
On acquisition	162	123
On disposal	94	98
	256	221

(b) Fair value hierarchy

	30 September 2013 £'000	30 September 2012 £'000
Level 1 assets	155,308	120,332
Valuation at 30 September	155,308	120,332

All Level 1 assets are traded on a recognised Stock Exchange.

(c) Subsidiary companies

The trading subsidiary, Polar Capital Global Healthcare Finance Limited was dissolved from the Companies House register on 21 May 2013.

Notes to the Financial Statements continued
For the year ended 30 September 2013

14. Receivables

	30 September 2013 £'000	30 September 2012 £'000
Sales for future settlements	1,397	–
Spot foreign exchange contracts awaiting settlement	1,336	–
Accrued income	441	452
Prepayments	23	30
	3,197	482

The carrying values of receivables approximate their fair value.

15. Payables

	30 September 2013 £'000	30 September 2012 £'000
Purchases for future settlement	2,146	–
Spot foreign exchange contracts awaiting settlement	1,332	–
Accruals	261	291
	3,739	291

The carrying values of payables approximate their fair value.

16. Called up Share Capital

	30 September 2013 £'000	30 September 2012 £'000
Allotted, Called up and Fully paid:		
Ordinary shares of 25p each		
Opening balance of 97,899,999 (30 September 2012: 97,899,999)	24,475	24,475
Issue of 6,950,001 ordinary shares (2012: nil)	1,738	–
Allotted, Called up and Fully paid: 104,850,000 (30 September 2012: 97,899,999) ordinary shares of 25p	26,213	24,475
17,800,000 subscription shares of 1p each	178	178
At 30 September	26,391	24,653

The subscription shares were issued as a bonus issue to ordinary shareholders at a rate of one bonus subscription share for every 5 ordinary shares held on 15 June 2010.

A subscription share carries the right to subscribe in cash for one ordinary share at a price of 100p on 31 January 2014.

17. Share Premium Reserve

	30 September 2013 £'000	30 September 2012 £'000
As at 1 October 2012	7,360	7,365
Issue of 2,150,001 ordinary shares at 125.95p each	2,170	–
Issue of 4,800,000 ordinary shares at 148.50p each	5,928	–
Issue costs	(41)	(5)
At 30 September 2013	15,417	7,360

18. Special Distributable Reserve

	30 September 2013 £'000	30 September 2012 £'000
As at 1 October 2012	64,792	64,792
At 30 September 2013	64,792	64,792

Surpluses to the credit of the special distributable reserve can be used to purchase the Company's own shares. In addition the Company may use this reserve for the payment of dividends.

19. Capital Reserves

	30 September 2013 £'000	30 September 2012 £'000
As at 1 October 2012	22,278	2,449
Net gains on disposal of investments	6,317	2,156
Valuation gains on investments held during the year	19,432	18,356
Other movements on derivatives held during the year	–	74
Exchange losses on currency balances	(188)	(162)
Capital dividends	314	149
Irrecoverable tax on special capital dividends	(25)	(3)
Tax relief due from revenue	–	11
Investment management fee allocated to capital	(975)	(752)
At 30 September 2013	47,153	22,278

The balance on the capital reserve represents a profit of £35,996,000 (2012: £21,186,000) on investments held and a profit of £11,157,000 (2012: £1,092,000) on investments sold.

Notes to the Financial Statements continued

For the year ended 30 September 2013

20. Revenue Reserve

	30 September 2013 £'000	30 September 2012 £'000
As at 1 October 2012	1,655	1,165
Revenue profit	3,752	3,602
Interim dividends paid	(3,413)	(3,112)
At 30 September 2013	1,994	1,655

21. Net Asset Value Per Ordinary Share

	30 September 2013	30 September 2012
Undiluted:		
Net assets attributable to ordinary shareholders (£'000)	155,747	120,738
Ordinary shares in issue at end of year	104,850,000	97,899,999
Net asset value per ordinary share (pence)	148.54	123.33
Diluted:		
Net assets attributable to ordinary shareholders (£'000)	173,547	138,538
Ordinary shares in issue at end of year if subscription shares converted	122,650,000	115,699,999
Net asset value per ordinary share (pence)	141.50	119.74

The diluted net asset value per ordinary share has been calculated on the assumption that 17,800,000 subscription shares in issue were converted at 100 pence per share, resulting in a total number of shares in issue of 122,650,000 (2012: 115,699,999).

22. Cash & Cash Equivalents

Cash and cash equivalents include the following for the purpose of the Cash Flow Statement:

	30 September 2013 £'000	30 September 2012 £'000
Cash at bank	565	–
Cash held at derivative clearing houses	279	112
Bank overdraft	–	(27)
	844	85

23. Transactions with the Investment Manager and Related Party Transactions

(a) Transactions with the Manager

Under the terms of an agreement dated 26 May 2010 the Company has appointed Polar Capital LLP ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Strategic Report. The total fees, paid under this agreement to Polar Capital in respect of the year ended 30 September 2013 were £1,219,000 (2012: £940,000) of which £113,000 (2012: £169,000) was outstanding at the year-end.

(b) Related party transactions

The Company has no employees and therefore key management personnel. The Company paid £95,000 (2012: £95,000) to the Directors and the Remuneration Report is set out on pages 32 to 34.

24. Derivatives and Other Financial Instruments

Risk management policies and procedures for the Company

The Company invests in equities and other financial instruments for the long term to further the investment objective set out on page 12.

This exposes the Company to a range of financial risks that could impact on the assets or performance of the Company.

The main risks arising from the Company's pursuit of its investment objective are market risk, liquidity risk and credit risk and the Directors' approach to the management of them is set out below.

The Company's exposure to financial instruments can comprise:

- Equity and non-equity shares and fixed interest securities which may be held in the investment portfolio in accordance with the investment objective.
- Bank overdrafts, the main purpose of which is to raise finance for the Company's operations.
- Cash, liquid resources and short-term receivables and payables that arise directly from the Company's operations.
- Derivative transactions which the Company enters into may include equity or index options, index futures contracts, and forward foreign exchange contracts. The purpose of these is to manage the market price risks and foreign exchange risks arising from the Company's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the Investment Manager co-ordinate the risk management and the Investment Manager assesses the exposure to market risk when making each investment decision.

Notes to the Financial Statements continued

For the year ended 30 September 2013

24. Derivatives and Other Financial Instruments continued

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 24(a)(i)), currency risk (see note 24(a)(ii)), and interest rate risk (see note 24(a)(iii)).

(i) Market Price Risk

The Company is an investment company and as such its performance is dependent on its valuation of its investments.

Consequently market price risk is the most significant risk that the Company faces.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations.

It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

A detailed breakdown of the investment portfolio is given on pages 8 to 10. Investments are valued in accordance with the accounting policies as stated in Note 2(g).

At the year end, the Company did not hold any derivative instruments (2012: nil).

Management of the risk

In order to manage this risk it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular healthcare sub sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of index options, are other factors which act to reduce price risk. The Investment Manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Market price risks exposure

The Company's exposure to changes in market prices at 30 September on its investments was as follows:

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Non-current asset investments at fair value through profit or loss	155,308	120,332
	155,308	120,332

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% in the fair values of the Company's investments. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends. The sensitivity analysis is based on the Company's investments at each balance sheet date, with all other variables held constant.

	Year ended 30 September 2013		Year ended 30 September 2012	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after tax				
Revenue return	(39)	39	(30)	30
Capital return	23,138	(23,138)	17,926	(17,926)
Change to the profit after tax for the year	23,099	(23,099)	17,896	(17,896)
Change to equity attributable to shareholders	23,099	(23,099)	17,896	(17,896)

(ii) Currency Risk

The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and revenue are denominated in currencies other than sterling.

Management of the risk

The Investment Manager mitigates risks through an international spread of investments.

Settlement risk on investment trades is managed through short term hedging.

Notes to the Financial Statements continued

For the year ended 30 September 2013

24. Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(ii) Currency Risk continued

Foreign currency exposure

The table below shows, by currency, the split of the Company's monetary assets, liabilities and investments that are priced in currencies other than sterling.

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Monetary Assets:		
Cash and short term receivables		
US dollars	1,730	160
Japanese yen	143	148
Swiss francs	134	137
Australian dollars	38	63
Canadian dollars	10	8
Norwegian krona	3	–
Euros	–	5
Monetary Liabilities:		
Other payables		
US dollars	(1,875)	–
Euros	(1,383)	–
Foreign currency exposure on net monetary items	(1,200)	521
Non-Monetary Items:		
Investments at fair value through profit or loss that are equities		
US dollars	75,237	67,462
Swiss francs	21,983	18,302
Japanese yen	10,849	8,776
Euros	9,272	5,809
Australian dollars	3,849	2,453
Canadian dollars	2,103	1,462
Singapore dollars	1,174	–
Norwegian krona	392	335
Brazilian real	134	116
Total net foreign currency exposure	123,793	105,236

During the financial year, movements in the four major currencies noted above were:

US dollars depreciated by 0.3% (2012: appreciated by 3.7%),
Japanese yen depreciated by 26.5% (2012: appreciated by 4.6%),
Euros appreciated by 4.7% (2012: appreciated by 8.1%),
Swiss francs appreciated by 3.5% (2012: appreciated by 7.3%).

Foreign currency sensitivity

The following table illustrates the sensitivity of the profit after tax for the year and the value of equity attributable to shareholders in regard to the financial assets and financial liabilities and the exchange rates for the £/US dollar, £/Euro, £/Japanese yen and £/Swiss francs.

Based on the year end position, if sterling had depreciated by a further 10% against the currencies shown, this would have the following effect:

	Year ended 30 September 2013 £'000			
	US dollar	Euro	Yen	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	12	–	16	15
Capital return	8,332	877	1,205	2,443
Change to the profit after tax for the year and to equity attributable to shareholders	8,344	877	1,221	2,458

	Year ended 30 September 2012 £'000			
	US dollar	Euro	Yen	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	12	1	16	14
Capital return	7,502	645	975	2,035
Change to the profit after tax for the year and to equity attributable to shareholders	7,514	646	991	2,049

Based on the year end position, if sterling had appreciated by a further 10% against the currencies shown, this would have the following effect:

	Year ended 30 September 2013 £'000			
	US dollar	Euro	Yen	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	(9)	–	(13)	(12)
Capital return	(6,817)	(717)	(986)	(1,998)
Change to the profit after tax for the year and to equity attributable to shareholders	(6,826)	(717)	(999)	(2,010)

	Year ended 30 September 2012 £'000			
	US dollar	Euro	Yen	Swiss Francs
Statement of Comprehensive Income – profit after tax				
Revenue return	(9)	–	(13)	(11)
Capital return	(6,138)	(528)	(798)	(1,665)
Change to the profit after tax for the year and to equity attributable to shareholders	(6,147)	(528)	(811)	(1,676)

In the opinion of the Directors, while these are regarded as reasonable estimates, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

Notes to the Financial Statements continued

For the year ended 30 September 2013

24. Derivatives and Other Financial Instruments continued

(a) Market Risk continued

(iii) Interest Rate Risk

Although the majority of the Company's financial assets are equity shares, which pay dividends, not interest, the Company will be affected by interest rate changes as interest is earned on any cash balances and paid on any overdrawn balances.

Given the interest rate risk exposure noted below, the impact of any interest rate change is not considered to be significant and as such, no sensitivity analysis has been provided. Interest rate changes will also have an impact on the valuation of equities, although this forms part of price risk, which has already been considered separately, above.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

At the year-end, financial assets and liabilities exposed to floating interest rates were as follows:

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Financial Assets:		
Cash at bank	844	112
Bank overdraft	–	(27)
	844	85

The above year-end amounts may not be representative of the exposure to interest rates in the year ahead since the level of cash held during the year will be affected by the strategy being followed in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any particular time.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

At 30 September the financial liabilities comprised:

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Due within 1 month:		
Balances due to brokers	3,478	–
Accruals	261	291
Bank overdraft	–	27
	3,739	318

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

The Company manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties.

HSBC Bank plc is the custodian of the Company's assets. The Company's assets are segregated from HSBC's own trading assets and are therefore protected in the event that HSBC were to cease trading.

These arrangements were in place throughout the current year and the prior period.

Credit risk exposure

The maximum exposure to credit risk at 30 September 2013 was £4,018,000 (2012: £564,000) comprising:

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Balances due from brokers	2,733	–
Accrued Income	441	452
Cash at bank	844	112
	4,018	564

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered low. None of the Company's financial assets are past due or impaired. All deposits were placed with banks that had a rating of A or higher.

Notes to the Financial Statements continued
For the year ended 30 September 2013

24. Derivatives and Other Financial Instruments continued

(d) Capital Management Policies and Procedures

The Company's capital management objectives are:

The Company's capital, or equity, is represented by its net assets which amounted to £155,747,000 for the year ended 30 September 2013 (2012: £120,738,000), which are managed to achieve the Company's investment objective set out on page 12.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

(i) the need to issue or buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium) and

(ii) the determination of dividend payments.

The Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company. In addition, in order to pay dividends out of profits available for distribution by way of dividend, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

Capital Gains Tax

Information on Capital Gains Tax is available on the HM Revenue & Customs website – www.hmrc.gov.uk/cgt/index.htm

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares disposed and any other allowable deductions such as share dealing costs. The exercise of a right of a subscription share holder to subscribe for ordinary shares should not give rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances. Shareholders are advised to consult their personal financial advisor for further information regarding a possible tax liability in respect of their shareholdings.

Further information on the subscription shares is provided in the subscription share section below.

The Company was launched on 15 June 2010 with the issue of ordinary shares at £1 per share with subscription shares attached (on a one for five basis).

Investing

Market Purchases

The ordinary and subscription shares of Polar Capital Global Healthcare Growth and Income Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary. The subscription shares will cease to be listed or traded on the London stock Exchange following the conversion date of 31 January 2014.

Share Dealing Services

The Company has arranged for Shareview Dealing, a telephone and Internet share sale service offered by Equiniti to be made available.

For telephone sales call 0800 876 6889 (or +44 121 415 7047) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

For Internet sales log on to www.shareview.co.uk/dealing

Please remember that any investment in the shares of Polar Capital Global Healthcare Growth and Income Trust either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Global Healthcare Growth and Income Trust is allowed to borrow against its assets and this may increase losses triggered by a falling market, however the Company may increase or decrease its borrowing levels to suit market conditions.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

Polar Capital Global Healthcare Growth and Income Trust plc is an investment trust and as such its ordinary and subscription shares are excluded from the FCA's restrictions which apply to non-mainstream investment products. The Company conducts its affairs and intends to continue to do so for the foreseeable future so that the exclusion continues to apply.

Other Information

Disability Act

Copies of this Annual Report and Financial Statements or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Equiniti Limited, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

For shareholders attending the Annual General Meeting of the Company an induction loop is available for hearing aid wearers.

Nominee Shareholders

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings when invited by the Chairman.

Subscription Shares

Please note that the only conversion date is 31 January 2014 and the separate circular provides details of the options open to you. You are advised to seek professional advice.

Polar Capital Global Healthcare Growth and Income Trust plc issued subscription shares on 15 June 2010 on the basis of one subscription share for every five ordinary shares subscribed. The subscription shares were admitted to trading on the London Stock Exchange on 15 June 2010.

Subscription shares offer the right to subscribe for ordinary shares of the Company at 100p per ordinary share on 31 January 2014.

Subscription shares acquired other than pursuant to the placing are qualifying investments for the stocks and shares component of an ISA, and should be eligible for inclusion in a UK SIPP.

Subscription Shares Tax Implications

The base 'cost' for UK tax purposes of the subscription shares will be a proportion of the issue price paid for the ordinary shares to which the subscription shares were attached. The apportionment is made by reference to the respective market values of the ordinary shares and subscription shares at the close of business on 15 June 2010, the day the ordinary and subscription shares were admitted to trading. The market value for UK tax purposes of the Company's ordinary shares and subscription shares on such date were as follows:

Ordinary Shares 101.0p

Subscription Shares 14.875p

If you exercise the subscription rights attaching to your subscription shares, the resulting ordinary shares will be treated for UK tax purposes as the 'same' asset as the subscription shares in respect of which the subscription rights are exercised. The base 'cost' for UK tax purposes of the resulting ordinary shares will be the base cost attributed to the exercised subscription shares, increased by the amount of subscription monies paid.

Please note this is a summary of some of the information contained in the Prospectus issued by the Company on 26 May 2010 (the "Prospectus") in connection with the Placing and Offer for subscription of ordinary shares and subscription shares and should be read as such. Full details of the subscription shares, their issue and conversion are set out in the Prospectus and reference should be made to that document for a complete and full understanding of the terms of the subscription shares.

Warnings to Shareholders

You should be aware that past performance is no guarantee of future performance.

The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.

As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.

Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Boiler Room Scams

Shareholders of the Polar Capital Global Healthcare Growth and Income Trust PLC may receive unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event. These operations are commonly known as 'boiler rooms'.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation;
- Check that they are properly authorised by the FCA before getting involved by visiting http://www.fca.org.uk/register/;
- Report the matter to the FCA either by calling 0845 606 1234 or visit http://www.fca.org.uk/consumers/scams; and
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

Forward Looking Statements

Certain statements included in this Annual Report and Financial Statements contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Strategic Report Section on pages 02 to 18 of this Annual Report and Financial Statements.

No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare Growth and Income Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision.

The Company undertakes no obligation to update any forward-looking statements.

Company Information

Company Registration Number

7251471 (Registered in England)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Directors

James Robinson, Chairman
John Aston, OBE
Anthony Brampton
Antony Milford

Investment Manager

Polar Capital LLP

4 Matthew Parker Street
London
SW1H 9NP
Authorised and regulated by the Financial Conduct Authority.
Telephone: 020 7227 2700
Website: www.polarcapital.co.uk

Fund Managers

Dr. Daniel Mahony and Mr. Gareth Powell

Company Secretary

Polar Capital Secretarial Services Limited

represented by Neil Taylor FCIS

Registered Office

4 Matthew Parker Street
London SW1H 9NP

Chartered Accountants and Statutory Auditors

PricewaterhouseCoopers LLP

Erskine House
68 – 73 Queen Street
Edinburgh EH2 4NH

Solicitors

Herbert Smith Freehills LLP

Exchange House
Primrose Street
London EC2A 2HS

Bankers and custodian

HSBC Bank Plc

8 Canada Square
London E14 5HQ

Identification Codes

Ordinary shares

SEDOL: B6832P1
ISIN: GB00B6832P16
TICKER: PCGH

Subscription shares

SEDOL: B68VXC9
ISIN: GB00B68VXC96
TICKER: PCGS

Company Website

www.polarcapitalhealthcaretrust.com

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the investment manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can be obtained from various different sources including:

www.theaic.co.uk
www.ft.com/markets
www.londonstockexchange.co.uk

Share Prices and Net Asset Value

The Company's Net Asset Value (NAV) is normally released daily, on the next working day, following the calculation date, to the London Stock Exchange. The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading 'Investment Companies'. Share price information is also available from The London Stock Exchange Website: www.londonstockexchange.co.uk

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service (www.theaic.co.uk).

aic

The company is a member of the Association of Investment Companies

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